

# Northumbria Research Link

Citation: Li, Ning (2014) The antecedents and consequences of brand commitment towards luxury brand buying behaviour: A study of mainland China. Doctoral thesis, University of Northumbria.

This version was downloaded from Northumbria Research Link:  
<http://nrl.northumbria.ac.uk/21608/>

Northumbria University has developed Northumbria Research Link (NRL) to enable users to access the University's research output. Copyright © and moral rights for items on NRL are retained by the individual author(s) and/or other copyright owners. Single copies of full items can be reproduced, displayed or performed, and given to third parties in any format or medium for personal research or study, educational, or not-for-profit purposes without prior permission or charge, provided the authors, title and full bibliographic details are given, as well as a hyperlink and/or URL to the original metadata page. The content must not be changed in any way. Full items must not be sold commercially in any format or medium without formal permission of the copyright holder. The full policy is available online: <http://nrl.northumbria.ac.uk/policies.html>

[www.northumbria.ac.uk/nrl](http://www.northumbria.ac.uk/nrl)



**THE ANTECEDENTS AND  
CONSEQUENCES OF BRAND  
COMMITMENT TOWARDS LUXURY  
BRAND BUYING BEHAVIOUR: A  
STUDY OF MAINLAND CHINA**

NING LI

PhD

2014

**THE ANTECEDENTS AND  
CONSEQUENCES OF BRAND  
COMMITMENT TOWARDS LUXURY  
BRAND BUYING BEHAVIOUR: A  
STUDY OF MAINLAND CHINA**

NING LI

A thesis submitted in partial fulfilment of  
the requirements of the University of  
Northumbria at Newcastle for the degree of  
Doctor of Philosophy

Research undertaken in  
Newcastle Business School

June 2014

## **Abstract**

Over the last 30 years, China has moved to establish itself as a global economic superpower. This has contributed to the Chinese luxury market becoming one of the largest emerging markets on the world stage in the last two decades. However, the market is still at a formative stage and knowledge about the motivations behind the Chinese consumers' buying behaviour and factors influencing commitment toward luxury brands is understandably limited. This study investigates consumers luxury consumption behaviour through the evaluation of the antecedents and consequence of brand commitment toward Western luxury brands in this environment.

Quantitative data has been gathered via a self-completed but research supported questionnaire that sought to capture the perception of 494 Chinese consumers located in Beijing within four shopping malls dealing in luxury brands. Confirmatory factor analysis and structural equation modelling have been used to analyse this primary data.

The findings reveal that brand affect, brand trust and luxury customer value positively influence Chinese consumers' brand commitment, with luxury customer value consistently acting as the most important predictor. Brand commitment afforded by consumers influences their willingness to pay more, but not their future purchase intentions. Brand affect, brand trust and luxury customer value also have a positive relationship with purchase intentions and willingness to pay more for the luxury brands. This study updates the luxury customer value structure, emotional value, social value and symbolic value in an emerging luxury market context, expanding upon previous studies through the dependent conceptualisation of luxury customer value. This study establishes a new research model which provides a greater insight into brand commitment, its antecedents and outcomes. This study affords a basis for future luxury brand consumption research in the Tier 2/3 cities in mainland China, as the market emerges from the Tier 1 context presented here.

# Table of Contents

|   |           |
|---|-----------|
| Abstract .....  | I         |
| List of Tables.....   | XI        |
| List of Figures .....   | XV        |
| Acknowledgements .....  | XVII      |
| Declaration .....   | XVIII     |
| List of Abbreviations.....  | XIX       |
| <br>  |           |
| <b>CHAPTER 1: BACKGROUND AND INTRODUCTION.....</b>  | <b>1</b>  |
| 1.0 Introduction .....  | 1         |
| 1.1 Background of Study – Focus and Justification for the Study.....  | 1         |
| 1.2 The Chinese Luxury Market .....   | 5         |
| 1.3 Research Gaps.....  | 12        |
| 1.4 Intended Contribution to Knowledge.....   | 15        |
| 1.5 Research Methodology.....   | 16        |
| 1.6 Research Questions and Research Objectives.....   | 17        |
| 1.7 Structure of the Thesis .....   | 18        |
| 1.8 Chapter Summary.....  | 21        |
| <br>  |           |
| <b>CHAPTER 2: LITERATURE REVIEW (I) REVIEW OF THE LITERATURE ON<br/>BRAND COMMITMENT AND ITS ANTECEDENTS.....</b> | <b>22</b> |
| 2.0 Overview of Chapter .....   | 22        |
| 2.1 Introduction .....  | 24        |
| 2.2 Conceptualising the Brand .....   | 24        |
| 2.2.1 Product and Brand.....  | 25        |
| 2.2.2 Defining the Brands .....   | 25        |
| 2.2.2.1 Branding as Identifier.....   | 26        |
| 2.2.2.2 Branding as a Differentiator by Adding/Creating Value .....   | 27        |

|   |    |
|---|----|
| 2.2.2.3 Branding as Mental Association .....                                  | 28 |
| 2.2.2.4 Branding as Financial Asset.....                                      | 28 |
| 2.2.2.5 Branding as the Corporation .....                                     | 28 |
| 2.3 The Development of Luxury Brand Theory .....                              | 29 |
| 2.4 Defining the Luxury Concept.....  | 30 |
| 2.4.1 Defining Luxury Brands .....  | 32 |
| 2.4.2 Categories of Luxury Goods in the Study.....                            | 34 |
| 2.4.3 Classifying Luxury Brands .....   | 36 |
| 2.4.4 The Dimensions of Luxury Brands .....                                   | 37 |
| 2.4.5 The Distinction between Fast-Moving Consumer Goods and Luxury Goods.... | 40 |
| 2.4.6 Definition of Luxury Brands in the Study .....                          | 41 |
| 2.5 Conceptualisation of Commitment .....                                     | 42 |
| 2.5.1 Defining Commitment .....   | 43 |
| 2.5.2 Defining Brand Commitment.....  | 45 |
| 2.5.3 Distinguishing between Brand Commitment and Brand Loyalty .....         | 46 |
| 2.5.4 Components of Brand Commitment .....                                    | 47 |
| 2.5.4.1 Affective Commitment .....  | 48 |
| 2.5.4.2 Continuance Commitment .....  | 49 |
| 2.5.4.3 Normative Commitment.....   | 51 |
| 2.6 Defining Brand Affect.....  | 52 |
| 2.6.1 Effect of Brand Affect on Brand Commitment.....                         | 54 |
| 2.6.2 Effect of Brand Affect on Behavioural Intentions .....                  | 55 |
| 2.7 Defining Brand Image.....   | 56 |
| 2.7.1 Measuring Brand Image.....  | 58 |
| 2.7.2 Effect of Brand Image on Brand Commitment.....                          | 59 |
| 2.7.3 Effect of Brand Image on Behavioural Intentions .....                   | 61 |
| 2.8 Nature of Trust .....   | 62 |
| 2.8.1 Defining Trust .....  | 63 |

|   |    |
|---|----|
| 2.8.2 Defining Brand Trust .....                                      | 65 |
| 2.8.3 Scale Development for Brand Trust.....                          | 66 |
| 2.8.4 Effect of Brand Trust on Brand Commitment.....                  | 68 |
| 2.8.5 Effect of Brand Trust on Behavioural Intentions.....            | 69 |
| 2.9 The Concept of Customer Value.....                                | 70 |
| 2.9.1 Defining Customer Value .....                                   | 72 |
| 2.9.2 Customer Value Frameworks.....                                  | 75 |
| 2.9.3 Luxury Customer Value .....                                     | 76 |
| 2.9.3.1 Components of Luxury Customer Value .....                     | 80 |
| 2.9.3.1.1 Functional Value .....                                      | 80 |
| 2.9.3.1.2 Emotional Value.....  | 81 |
| 2.9.3.1.3 Social Value .....  | 82 |
| 2.9.3.1.4 Symbolic Value.....   | 83 |
| 2.9.4 Effect of Luxury Customer Value on Brand Commitment.....        | 84 |
| 2.9.5 Effect of Luxury Customer Value on Behavioural Intentions ..... | 85 |
| 2.10 Chapter Summary.....   | 87 |

## **CHAPTER 3: LITERATURE REVIEW (II) REVIEW OF THE LITERATURE ON THE CONSEQUENCE FACTORS OF BRAND COMMITMENT.....90**

|   |     |
|---|-----|
| 3.0 Overview of Chapter .....   | 90  |
| 3.1 Introduction .....  | 91  |
| 3.2 Theoretical Approaches to Purchase Intentions Research .....      | 92  |
| 3.2.1 The Theory of Reasoned Action on Luxury Brand Consumption ..... | 92  |
| 3.3 Concept of Behavioural Intention .....                            | 96  |
| 3.3.1 Definition of Purchase Intentions .....                         | 98  |
| 3.3.2 Measuring Purchase Intentions .....                             | 99  |
| 3.3.3 Effect of Brand Commitment on Purchase Intention.....           | 101 |
| 3.4 Defining Willingness to Pay a Price Premium.....                  | 102 |
| 3.4.1 Techniques for Measuring the WTP .....                          | 104 |

|   |            |
|---|------------|
| 3.4.1.1 Contingent Valuation Method (CVM) .....                                 | 105        |
| 3.4.1.2 The Means-End Chain (MEC) .....   | 106        |
| 3.4.2 Effect of Brand Commitment on Willingness to Pay a Price Premium .....    | 107        |
| 3.4.3 Effect of Willingness to Pay a Price Premium on Purchase Intentions ..... | 109        |
| 3.5 Conceptual Model .....  | 110        |
| 3.6 Chapter Summary.....  | 112        |
| <br><b>CHAPTER 4: RESEARCH METHODOLOGY AND METHOD.....</b>                      | <b>113</b> |
| 4.0 Overview of Chapter .....   | 113        |
| 4.1 Introduction .....  | 113        |
| 4.2 Overview of the Research Process .....                                      | 114        |
| 4.3 Research Epistemology .....   | 116        |
| 4.3.1 Objectivism .....   | 116        |
| 4.4 Theoretical Perspective .....   | 117        |
| 4.4.1 Positivism.....   | 118        |
| 4.4.2 Interpretivism .....  | 119        |
| 4.5 Research Methodology and Methods.....                                       | 119        |
| 4.5.1 Research Strategy.....  | 119        |
| 4.5.2 Quantitative versus Qualitative Research Methods .....                    | 119        |
| 4.5.3 Justification for using a Quantitative Strategy .....                     | 121        |
| 4.5.4 Categories of Research Design .....                                       | 122        |
| 4.6 Data Collection Techniques .....  | 123        |
| 4.6.1 Survey Questionnaire .....  | 123        |
| 4.6.2 Survey Location – Beijing City .....                                      | 124        |
| 4.6.3 Sampling Frame – Chinese Luxury Consumers .....                           | 125        |
| 4.6.4 The Shopping Mall Intercept Approach.....                                 | 125        |
| 4.6.5 The Seven-Point Likert Scale.....   | 126        |
| 4.6.6 Screening Questionnaire .....   | 127        |



|  |     |
|--|-----|
| 4.6.7 Screening Criteria and Content for Screening Questionnaire ..... | 128 |
| 4.6.8 Preparation for the Study – Back-Translation Technique.....      | 129 |
| 4.7 Survey Instrument Design.....                                      | 131 |
| 4.7.1 Research Scale Development.....                                  | 132 |
| 4.8 Study Implementation Pre-Test and Substantive Study.....           | 134 |
| 4.8.1 The Pre-testing Study .....                                      | 135 |
| 4.8.2 The Pilot Study.....   | 137 |
| 4.8.2.1 Purposes of the Pilot Study .....                              | 137 |
| 4.8.2.2 Data Collection Procedure of Pilot Study .....                 | 138 |
| 4.8.2.3 Outcomes of the Pilot Study .....                              | 139 |
| 4.8.2.4 Feedback from the Pilot Study .....                            | 142 |
| 4.9 Sampling Plan .....  | 143 |
| 4.9.1 Sampling Methods .....   | 143 |
| 4.9.1.1 Probability Sampling.....                                      | 144 |
| 4.9.1.2 Non-Probability Sampling .....                                 | 145 |
| 4.9.2 Justification for Choosing Non-Probability Sampling.....         | 148 |
| 4.9.3 Determining the Sample Size for the Substantive Study .....      | 152 |
| 4.9.4 Impact of Sample Size on Proposed Method of Analysis.....        | 155 |
| 4.9.5 The Final Study – Participant Details .....                      | 156 |
| 4.10 Method of Data Analysis .....                                     | 157 |
| 4.10.1 Statistical Software – SPSS.....                                | 157 |
| 4.10.2 Structural Equation Modelling (SEM) .....                       | 157 |
| 4.10.3 Advantages for Using SEM .....                                  | 158 |
| 4.10.4 Confirmatory Factor Analysis (CFA) .....                        | 158 |
| 4.10.5 Justifications for Using SEM .....                              | 159 |
| 4.10.6 Reliability .....   | 160 |
| 4.10.7 Estimation Method .....   | 161 |
| 4.11 Ethical Issues.....   | 161 |

|  |            |
|--|------------|
| 4.12 Strengths and Limitations .....   | 163        |
| 4.13 Chapter Summary.....  | 163        |
| <b>CHAPTER 5: DATA ANALYSIS AND FINDINGS .....</b>                           | <b>165</b> |
| 5.0 Overview of Chapter .....  | 165        |
| 5.1 Review the Research Hypotheses .....                                     | 165        |
| 5.2 Examining the Data.....  | 167        |
| 5.2.1 Screening Data Prior to Analysis .....                                 | 167        |
| 5.2.1.1 Testing the Normality and for Outliers in the Data.....              | 168        |
| 5.2.1.1.1 Normality .....  | 168        |
| 5.2.1.1.2 Outliers.....  | 171        |
| 5.2.2 Solutions for Reducing the Influence of Outliers in Non-Normality..... | 173        |
| 5.3 Demographic Information of the Respondents .....                         | 174        |
| 5.3.1 Gender .....   | 174        |
| 5.3.2 Age Distribution.....  | 174        |
| 5.3.3 Occupational Status Distribution .....                                 | 175        |
| 5.3.4 Occupational Area Distribution .....                                   | 175        |
| 5.3.5 Education Attended Level Distribution .....                            | 175        |
| 5.3.6 Annual Personal Income Distribution.....                               | 175        |
| 5.3.7 Purchase Frequency .....   | 178        |
| 5.3.8 Purchasing Power.....  | 178        |
| 5.3.9 Distribution of the Most Purchased Luxury Brands/Products .....        | 179        |
| 5.4 Steps for Conducting Measurement Model and Structural Model.....         | 181        |
| 5.5 Step One: Developing a Theoretical Model.....                            | 184        |
| 5.6 Step Two: Developing the Measurement Model .....                         | 190        |
| 5.6.1 Unidimensionality Analysis for Brand Commitment Construct.....         | 191        |
| 5.6.1.1 Testing Brand Commitment with the Second-Order Factor Structure..... | 194        |
| 5.6.1.2 Re-testing the Brand Commitment Construct with a Two-Factor Model..  | 195        |

|  |     |
|--|-----|
| 5.6.2 Unidimensionality Analysis for Brand Trust Construct.....  | 197 |
| 5.6.3 Unidimensionality Analysis for Purchase Intentions Construct .....   | 198 |
| 5.6.4 Unidimensionality Analysis for Brand Image Construct.....  | 200 |
| 5.6.4.1 Re-testing Brand Image Construct with a Two Factor Model .....   | 202 |
| 5.6.4.2 Re-estimated Brand Image Construct (III).....  | 204 |
| 5.6.5 Unidimensionality Analysis for Luxury Customer Value .....   | 206 |
| 5.6.5.1 Unidimensionality Analysis for Functional Value Construct .....  | 208 |
| 5.6.5.2 Unidimensionality Analysis for Social Value Construct .....  | 208 |
| 5.6.6 Full Measure Model Testing for Luxury Customer Value.....  | 211 |
| 5.6.6.1 Offering Estimates and Poor Fitting in the Full Measurement Model of<br>Luxury Customer Value Model (I) .....                | 212 |
| 5.6.6.2 Re-specified Full Measurement Model of Luxury Customer Value Model<br>(II) .....   | 214 |
| 5.6.7 Results of Single Construct Measurement Model for Antecedents of Brand<br>Commitment and Consequences of Brand Commitment..... | 215 |
| 5.7 Step Three: Testing Reliability and Validity for the Full Measurement Model .....  | 216 |
| 5.7.1 Reliability Analysis for the Measurement Model .....   | 218 |
| 5.7.2 Validity Analysis for the Full Measurement Model .....   | 221 |
| 5.7.3 The Re-specified Full Measurement Model (I).....   | 226 |
| 5.7.4 The Re-specified Full Measurement Model (II) .....   | 230 |
| 5.7.5 The Re-specified Full Measurement Model (III) .....  | 234 |
| 5.7.6 Reliability and Validity for Brand Commitment and Its Antecedents Model ..   | 238 |
| 5.7.7 The Re-testing Measurement Model for Brand Commitment and Its Antecedents<br>Model (I) .....                                   | 241 |
| 5.8 Step Four: Developing the SEM .....  | 243 |
| 5.8.1 Structural Evaluation of the Model for Brand Commitment and Its Antecedents<br>.....   | 243 |
| 5.8.1.1 Re-Specified Structural Evaluation of the Model for Brand Commitment<br>and Its Antecedents (I) .....                        | 246 |
| 5.8.2 Assessment of the Model for Brand Commitment and Its Antecedents .....   | 248 |

|   |            |
|---|------------|
| 5.8.3 Structural Evaluation of the Hypothesised Model for Brand Commitment and Its Antecedents/Consequences ..... | 250        |
| 5.8.3.1 Re-Specified Structural Model for Brand Commitment and Its Antecedents/Consequences .....                 | 252        |
| 5.8.3.2 Re-Specified Structural Model for Brand Commitment and Its Antecedents/Consequences (I) .....             | 254        |
| 5.8.3.3 Assessment of Model for Brand Commitment and Its Antecedents/Consequences .....                           | 257        |
| 5.9 Chapter Summary .....   | 259        |
| <b>CHAPTER 6: DISCUSSION .....</b>  | <b>261</b> |
| 6.0 Overview of Chapter .....   | 261        |
| 6.1 Contribution to Knowledge .....   | 263        |
| 6.1.1 Antecedents to Brand Commitment .....   | 263        |
| 6.1.2 Consequences of Brand Commitment .....  | 263        |
| 6.1.3 Empirical Contribution to the Luxury Customer Value Framework .....   | 264        |
| 6.1.4 Contributions to the Understanding of Behavioural Intentions toward Luxury Brands .....                     | 264        |
| 6.1.5 The Role of Brand Commitment .....  | 265        |
| 6.2 Discussion of Model Estimation and Hypotheses Tests Results .....   | 265        |
| 6.2.1 Assessment of the Initial Hypothesised Model .....  | 267        |
| 6.3 Chapter Summary .....   | 280        |
| 6.3.1 Summary of the Key Findings .....   | 280        |
| <b>CHAPTER 7: CONCLUSIONS.....</b>  | <b>282</b> |
| 7.0 Introduction .....  | 282        |
| 7.1 Research Questions and Research Objectives Addressed.....   | 282        |
| 7.2 Contribution to Knowledge.....  | 286        |
| 7.3 Managerial Implications of the Study .....  | 289        |

|  |            |
|--|------------|
| 7.4 Strengths, Limitations and Suggestions for Future Study.....   | 293        |
| 7.4.1 Opportunities for Further Study .....  | 294        |
| 7.5 Chapter Summary.....   | 295        |
| <b>Appendices .....</b>  | <b>297</b> |
| Appendix A - Dimensions of Luxury Brands from the Consumer (Image) Perspective ...   | 298        |
| Appendix B - Overview of the Key Definitions of Brand Image .....  | 299        |
| Appendix C - Characteristics of Different Fit Indices Demonstrating Goodness-of-Fit<br>Across different Model Situations ..... | 301        |
| Appendix D - 13 Western Luxury Brands .....  | 303        |
| Appendix E - 19 Western Luxury Brands.....   | 304        |
| Appendix F - A Screening Questionnaire .....   | 305        |
| Appendix G - An Example Information Sheet.....   | 306        |
| Appendix H - Organisational Consent Form .....   | 307        |
| Appendix I - Student Research Ethical Issues Form.....   | 310        |
| Appendix J - Pilot Study Questionnaire (English Version) .....   | 314        |
| Appendix K - Pilot Study Questionnaire (Chinese Version) .....   | 320        |
| Appendix L - Coding Plan for Pilot Study Questionnaire .....   | 326        |
| Appendix M - Main Study Questionnaire (English Version) .....  | 331        |
| Appendix N - Main Study Questionnaire (Chinese Version) .....  | 337        |
| Appendix O - Coding Plan for Main Study Questionnaire .....  | 343        |
| Appendix P - Univariate Normality Testing for Each Construct.....  | 348        |
| Appendix Q - Personal Reflective Statement.....  | 356        |
| <b>References .....</b>  | <b>360</b> |
| <b>Bibliography .....</b>  | <b>401</b> |

## List of Tables

|  |     |
|--|-----|
| Table 2.1 Definitions of Brands (in chronological order).....  | 26  |
| Table 2.2 Definitions of Luxury Brands (in chronological order).....                                 | 33  |
| Table 2.3 Terms used to Classify Luxury Brands.....  | 36  |
| Table 2.4 Dimensions of Luxury Brands (in chronological order).....                                  | 37  |
| Table 2.5 Comparison of Fast-Moving and Luxury Goods Characteristics .....                           | 40  |
| Table 2.6 Definitions of Customer Value .....  | 72  |
| Table 2.7 Customer Value Framework .....   | 76  |
| Table 2.8 Customer Value Framework for Luxury Goods .....  | 79  |
| Table 3.1 Structure of a Literature Review (II).....   | 91  |
| Table 3.2 Category of Behavioural Intentions .....   | 97  |
| Table 4.1 Four Elements of the Research Process .....  | 114 |
| Table 4.2 Two Contrasting Research Paradigms .....   | 117 |
| Table 4.3 Fundamental Differences between Qualitative and Qualitative Research<br>Strategies .....   | 120 |
| Table 4.4 Illustrates the Main Distinctions between the Two Method Approaches .....                  | 121 |
| Table 4.5 Three Types of Research.....   | 122 |
| Table 4.6 Advantages and Disadvantages of Survey .....   | 123 |
| Table 4.7 Measurement Scales Development .....   | 132 |
| Table 4.8 Descriptive Statistics – Pilot Study.....  | 140 |
| Table 4.9 Summarised Feedbacks Received from Pilot Study .....                                       | 142 |
| Table 4.10 Five Types of Probability Samples .....   | 144 |
| Table 4.11 Five Types of Non-Probability Samples.....  | 145 |
| Table 4.12 Empirical Studies using Non-Probability Sampling .....                                    | 149 |
| Table 4.13 Demographic Benchmarking – Empirical Large Scale Research Projects .....                  | 153 |
| Table 4.14 The Accepted Level of Reliability .....   | 161 |
| Table 5.1 Assessment of Normality of Full Samples (n=494).....                                       | 170 |
| Table 5.2 Analysis of Outliers .....   | 172 |
| Table 5.3 Demographic Characteristics .....  | 176 |
| Table 5.4 Most Purchased Luxury Brands and Products .....  | 180 |
| Table 5.5 Descriptive Statistics.....  | 185 |
| Table 5.6 Selected Amos Text Output for Brand Commitment (I) – Maximum Likelihood<br>Estimates ..... | 191 |

|   |     |
|---|-----|
| Table 5.7 Amos Text Output for Measurement of Brand Commitment (I): Modification Indices and Parameter Change Statistics.....             | 192 |
| Table 5.8 SPSS Output for the Full Measurement Model of Brand Commitment – Correlation Matrix.....  | 193 |
| Table 5.9 Selected Amos Text Output for Brand Commitment (II) – Maximum Likelihood Estimates .....  | 195 |
| Table 5.10 Amos Text Output for Measurement of Brand Commitment (II): Modification Indices and Parameter Change Statistics.....           | 196 |
| Table 5.11 Selected Amos Text Output for Brand Trust – Maximum Likelihood Estimates .....   | 198 |
| Table 5.12 Selected Amos Text Output for Purchase Intentions – Maximum Likelihood Estimates .....   | 199 |
| Table 5.13 Selected Amos Text Output for Brand Image (I) - Maximum Likelihood Estimates .....   | 201 |
| Table 5.14 Amos Text Output for Measurement of Brand Image (I): Modification Indices and Parameter Change Statistics .....                | 202 |
| Table 5.15 Selected Amos Text Output for Brand Image (II) – Maximum Likelihood Estimates .....  | 203 |
| Table 5.16 Amos Text Output for Measurement of Brand Image (II): Modification Indices and Parameter Change Statistics .....               | 204 |
| Table 5.17 Selected Amos Text Output for Luxury Customer Value (I) – Maximum Likelihood Estimates.....                                    | 207 |
| Table 5.18 Selected Amos Text Output for Functional Value – Maximum Likelihood Estimates .....  | 208 |
| Table 5.19 Selected Amos Text Output for Social Value – Maximum Likelihood Estimates .....  | 209 |
| Table 5.20 Amos Text Output for Measurement of Social Value (I): Modification Indices and Parameter Change Statistics .....               | 209 |
| Table 5.21 Results of Single Construct Measurement Model of Luxury Customer Value   | 211 |
| Table 5.22 Selected Amos Text Output for Luxury Customer Value (I) – Maximum Likelihood Estimates.....                                    | 213 |
| Table 5.23 Amos Text Output for Full Measurement of Luxury Customer Value (I) – Modification Indices and Parameter Change Statistics..... | 213 |
| Table 5.24 Iterations to Luxury Customer Value Model to Improve Measure of Fit.....   | 215 |

|  |     |
|--|-----|
| Table 5.25 Selected Amos Text Output for Luxury Customer Value (II) –Maximum Likelihood Estimates.....   | 215 |
| Table 5.26 Results of Single Construct Measurement Model for Antecedents/Consequences of Brand Commitment.....   | 216 |
| Table 5.27 Selected Amos Text Output for Full Model – Maximum Likelihood Estimates .....   | 218 |
| Table 5.28 Scale Items, Factor Loadings and Reliability Measures for Each Construct...   | 220 |
| Table 5.29 Construct Reliability and Validity for Full Model (n=494).....  | 225 |
| Table 5.30 Correlations between Luxury Customer Value and Emotional Brand Association.....   | 225 |
| Table 5.31 Scale Items, Factor Loadings and Reliability Measures for Model (I).....  | 227 |
| Table 5.32 Construct Reliability and Validity for Full Model (I) – (n=494).....  | 229 |
| Table 5.33 Scale Items, Factor Loadings and Reliability Measures for Re-specified Model (II) .....   | 231 |
| Table 5.34 Construct Reliability and Validity for Full Model (II) – (n=494).....   | 233 |
| Table 5.35 Scale Items, Factor Loadings and Reliability Measures for Re-specified Model (III).....   | 235 |
| Table 5.36 Construct Reliability and Validity for Full Model (III) – (n=494) .....   | 237 |
| Table 5.37 Iterations to Model to Improve Measure of Fit.....  | 237 |
| Table 5.38 Retained Items Used in Structural Model .....   | 238 |
| Table 5.39 Construct Reliability and Validity for Brand Commitment and Its Antecedents Measuring Model (n=494) .....                                   | 240 |
| Table 5.40 Scale Items, Factor Loadings and Reliability Measures for Re-Testing Model of Brand Commitment and Its Antecedents (I) .....                | 242 |
| Table 5.41 Construct Reliability and Validity of Re-Testing Model for Brand Commitment and Its Antecedents (I) (n=494) .....                           | 243 |
| Table 5.42 Iterations to Model to Improve Measure of Fit.....  | 243 |
| Table 5.43 Selected Amos Text Output for Model of Brand Commitment and Its Antecedents- Maximum Likelihood Estimates .....                             | 245 |
| Table 5.44 Amos Text Output for Model of Brand Commitment and Its Antecedents (I) – Modification Indices and Parameter Change Statistics.....          | 246 |
| Table 5.45 Iterations to Model to Improve Measure of Fit.....  | 248 |
| Table 5.46 Structural Parameters of Brand Commitment with Antecedents .....  | 249 |
| Table 5.47 Amos Text Output for Model of Brand Commitment and Its Antecedents/Consequences – Modification Indices and Parameter Change Statistics..... | 252 |



|  |     |
|--|-----|
| Table 5.48 Amos Text Output for Re-specified Model of Brand Commitment and Its Antecedents/Consequences - Modification Indices and Parameter Change Statistics ..... | 254 |
| Table 5.49 Selected Amos Text Output for Model of Brand Commitment and Its Antecedents/Consequences (I) - Maximum Likelihood Estimates .....                         | 255 |
| Table 5.50 Iterations to Model to Improve Measure of Fit.....  | 256 |
| Table 5.51 Structural Parameters of Brand Commitment with Antecedents/Consequences .....   | 258 |
| Table 6.1 Research Questions and Hypotheses .....  | 262 |

## List of Figures

|   |     |
|---|-----|
| Figure 1.1 The Spread of Luxury Model .....   | 8   |
| Figure 1.2 Market Share and Growth Rates of Luxury Sales in Mainland China by Selected Category, 2009-2012E .....         | 10  |
| Figure 1.3 Structure of this PhD Thesis .....   | 19  |
| Figure 2.1 The Structure of A Literature Review (I) .....   | 23  |
| Figure 2.2 The Timeline of Luxury Branding.....   | 30  |
| Figure 2.3 The Major Luxury Fashion Product Divisions .....   | 35  |
| Figure 3.1 Theory of Reasoned Action .....  | 92  |
| Figure 3.2 Conceptual Model –Antecedents and Consequences of Brand Commitment in Luxury Brand Consumption Behaviour ..... | 111 |
| Figure 4.1 Overview of Research Philosophy and Methodology .....  | 114 |
| Figure 4.2 A Diagrammatic Representation of the Research Philosophy and Design.....                                       | 115 |
| Figure 4.3 Back-Translation Technique.....  | 130 |
| Figure 4.4 An Overview of the Research Design .....   | 134 |
| Figure 4.5 Sampling Process.....  | 147 |
| Figure 4.6 Response Rate Distribution – Final Study.....  | 156 |
| Figure 5.1 Purchase Frequency Distribution.....   | 178 |
| Figure 5.2 Purchasing power distribution .....  | 178 |
| Figure 5.3 Steps for Conducting Structure Equation Modelling (SEM).....   | 183 |
| Figure 5.4 Proposed Conceptual Model.....   | 189 |
| Figure 5.5 Single Construct Measurement for Brand Commitment (I) .....  | 191 |
| Figure 5.6 Re-specified Model for Factorial Structure of Brand Commitment (II).....                                       | 195 |
| Figure 5.7 Single Construct Measurement for Brand Trust.....  | 197 |
| Figure 5.8 Single Construct Measurement for Purchase Intentions.....  | 199 |
| Figure 5.9 Single Construct Measurement for Brand Image (I) .....   | 201 |
| Figure 5.10 Re-specified Model for Factorial Structure of Brand Image (II).....   | 203 |
| Figure 5.11 Re-specified Model for Factorial Structure of Brand Image (III) .....   | 204 |
| Figure 5.12 Single Construct Measurement for Luxury Customer Value (I) .....  | 207 |
| Figure 5.13 Single Construct Measurement for Functional Value .....   | 208 |
| Figure 5.14 Single Construct Measurement for Social Value.....  | 209 |
| Figure 5.15 Single Construct Measurement for Social Value (I).....  | 210 |
| Figure 5.16 Second-Order CFA Testing for Luxury Customer Value Model (I) .....  | 212 |
| Figure 5.17 Second-Order CFA Testing for Luxury Customer Value Model (II).....  | 214 |

|  |     |
|--|-----|
| Figure 5.18 Full Measurement Model.....  | 217 |
| Figure 5.19 Re-specified Full Measurement Model (I) .....  | 226 |
| Figure 5.20 Re-specified Full Measurement Model (II) .....   | 230 |
| Figure 5.21 Re-specified Full Measurement Model (III).....   | 234 |
| Figure 5.22 Measurement Model of Brand Commitment (AC–CC) and Its Antecedents.....                           | 239 |
| Figure 5.23 The Re-Testing Measurement Model for Brand Commitment and Its<br>Antecedents (I).....            | 241 |
| Figure 5.24 Structural Equation Model Related to Brand Commitment and Its Antecedents<br>.....               | 244 |
| Figure 5.25 Structural Equation Model for Brand Commitment and Its Antecedents (I).....                      | 247 |
| Figure 5.26 The Proposed Model for Brand Commitment and Its Antecedents.....                                 | 248 |
| Figure 5.27 Structural Model for Brand Commitment and Its Antecedents/Consequences<br>.....                  | 251 |
| Figure 5.28 Re-Specified Structural Model for Brand Commitment and Its<br>Antecedents/Consequences .....     | 253 |
| Figure 5.29 Re-Specified Structural Model for Brand Commitment and Its<br>Antecedents/Consequences (I) ..... | 255 |
| Figure 5.30 Proposed Model for Brand Commitment and Its Antecedents/Consequences<br>.....                    | 257 |
| Figure 6.1 The Proposed Model for Brand Commitment and Its Antecedents/Consequences<br>.....                 | 266 |

## Acknowledgements

During the three years of my PhD journey, there are many people who have helped me and I would like to acknowledge their support and thank them. Initially, I would like to express my deepest appreciation to my supervision team, Mr. Nigel Coates and Dr. Andrew Robson, for their patient guidance, enthusiastic encouragement and useful critiques of my work. I am very grateful to Mr. Nigel Coates, who was always willing to help and provided valuable suggestions. I enjoyed all of our discussion regarding the research, especially the British humour. I would also like to thank Dr. Andrew Robson, a loyal Sunderland fan; your input has had a great impact on my professional development.

On a personal note, I would like to thank my parents, Mr. Li YuFu and Ms. Zhang AiRong, for their support and encouragement throughout my study. I would also like to extend my thanks to the best housemates in Newcastle: Ms. Pagon Wai Man Lo and Dr. Bobo Ng, who have really helped me to get through the tough times in the past three years.

Undertaking this PhD has provided me with the opportunity to make some very special friends. I would also like to thank all my colleagues in the PhD research suite at the Newcastle Business School for their support and encouragement to complete this research. I would also like to thank my good friends Mr. Keith McEnaney and Dr. Joshua Fong Shenwei. Both of them have been excellent friends over the last five years and their support is much appreciated.

My grateful thanks also extend to the assistance provided at all times by Mrs. Lisa Brackenbury and Mrs. Carol Miller, the Postgraduate Research Support Administrators.

Last but not least, I would like to thank all the team members: Miss Li JiaMiao, Miss Liu PanPan and Mr. Xu YunLong, for their help in collecting the primary data. I would also like to thank all of the participants who have taken part in the primary data-collecting process.

## **Declaration**

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work. I also confirm that this work fully acknowledges opinions, ideas and contributions from the work of others.

Any ethical clearance for the research presented in this thesis has been approved. Approval has been sought and granted by the Newcastle Business School's Ethics Committee at Northumbria University in October 2011.

**I declare that the Word Count of this Thesis is 84,282 words.**

**Name:** NING LI

**Signature:**

**Date:** May 2014

## List of Abbreviations

|                        |   |
|------------------------|---|
| <b>A<sub>ACT</sub></b> | Act of Buying Behaviour                 |
| <b>AGFI</b>            | Adjusted Goodness-of-Fit Index          |
| <b>AMA</b>             | American Marketing Association          |
| <b>ASV</b>             | Average Shared Squared Variance         |
| <b>AVE</b>             | Average Variance Extracted              |
| <b>BI</b>              | Behavioural Intention                   |
| <b>CFA</b>             | Confirmatory Factor Analysis            |
| <b>CFI</b>             | Comparative Fit Index                   |
| <b>CR</b>              | Critical Reliability                    |
| <b>FIML</b>            | Full Information Maximum Likelihood     |
| <b>FMCG</b>            | Fast-Moving Consumer Goods              |
| <b>GFI</b>             | Goodness-of-Fit Index                   |
| <b>IFI</b>             | Incremental Index of Fit                |
| <b>LVMH</b>            | Louis Vuitton Moët Hennessy             |
| <b>MEC</b>             | Means End Chain                         |
| <b>MI</b>              | Modification Indices                    |
| <b>MSV</b>             | Maximum Shared Squared Variance         |
| <b>RMSEA</b>           | Root Mean Square Error of Approximation |
| <b>SEM</b>             | Structural Equation Modelling           |
| <b>SI</b>              | Subjective Norm                         |
| <b>SRMR</b>            | Standardised Root Mean Square Residual  |
| <b>TAM</b>             | Technology Acceptance Model             |
| <b>TLI</b>             | Tucker Lewis Index                      |
| <b>TPB</b>             | Theory of Planned Behaviour             |
| <b>TRA</b>             | Theory of Reasoned Action               |
| <b>WTP</b>             | Willingness to Pay a Price Premium      |

# **CHAPTER 1: BACKGROUND AND INTRODUCTION**

## **1.0 Introduction**

This chapter provides a general introduction to this PhD thesis. Following background information to the study, consideration is given to the purchasing behaviour of contemporary Chinese consumers toward Western luxury brands within the setting of mainland China. The identified research gap is followed by a rationale of the theoretical concepts and empirical study limitations of existing research. The potential contribution of this research is also acknowledged. In the Introduction, a brief overview of the methodology employed is presented before an articulation of the research question and research objectives specific to this study. The end of this chapter provides a synopsis of the structure of the thesis.

## **1.1 Background of Study – Focus and Justification for the Study**

The purpose of this current research is to understand the consumers' buying behaviour related to luxury brands. This will be achieved by testing and evaluating the effects of brand commitment and the antecedents of brand commitment on Chinese consumers' purchase intentions. The value of this study is to apply concepts, which have been extensively developed in consumer-brand relationship literature, to the literature review on buying behaviour when applied to luxury brands. The information and analyses available on such patterns in established Western markets is compared to the relatively new, – but extensive, valuable and growing – Chinese luxury market (Beverland, 2004; Fionda & Moore, 2009). This study will utilise existing relationship marketing literature to create a method aimed at identifying the extent to which consumer commitment to a brand influences future purchase intentions and behaviour in the market.

Scholars working in this area over the past 30 years have made significant contributions in the field of relationship marketing, mainly in the domain of consumer services and in the context of business-to-business marketing (Morgan & Hunt, 1994; Fullerton, 2005; Veloutsou, 2007; Gronroos, 2011; Albert *et al.*, 2013). Relationship marketing aims to maintain and enhance mutually satisfying long-term relationships with key parties in order to earn and retain their business (Das, 2009). Three potential reasons have been suggested

as driving the popularity of relationship marketing in the late 1980s and early 1990s: first, the energy crisis of the 1970s and the subsequent economic inflation that resulted in excess capacity and high raw material costs. This led to organisations moving from established models of one-direction transactional exchange to an emerging relationship exchange with their consumers (Sheth, 2002).

Service marketing began to emerge as a popular new domain of research and understanding. Leonard Berry was the first scholar in services marketing to invent the phrase ‘relationship marketing’ as early as 1983 (Berry, 1983). This made a significant contribution to the business-to-customer literature, because it enabled the researchers to further analyse and theorise about customer loyalty through the assessment of transactions with each individual customer over time. Later, in business-to-business marketing, the quality drive in the 1980s (Total Quality Management philosophy) and a desire to reduce the number of suppliers in order to improve quality at a lower cost became increasingly important (Sheth & Parvatiyar, 2000; Sheth, 2002).

In a branding context, the tendency of people feel more committed to something with which they have an emotional attachment or to feel connected to a particular brand can be translated into the consumer-brand relationship (Hwang & Kandampully, 2012). Drawing from Fournier’s (1998) consumer-brand relationship theory, relationship-oriented perspectives of consumer behaviour have been demonstrated as useful in the understanding of the connection between consumer and brand, as well as the roles that the brands play in the life of the consumer (Sung & Choi, 2012). Through well-established relationships with brands, consumers not only obtain functional benefits for living, but also enjoy meaning being given to the various aspects of their lives (Fournier, 1998).

Underpinning this concept is the fundamental assumption that brands are humanised in the minds of consumers and can serve as real partners in terms of the existence of a relationship that provides important utilitarian benefits, symbolic meanings and social status (Vigneron & Johnson, 2004; Wiedmann, 2009). The consumer-brand relationship has received considerable attention from both academics and practitioners, since both have recognised the contributing role of relationship-building to brand success (Hwang & Kandampully, 2012; Hennigs *et al.*, 2013).



In order to successfully manage and compete with a luxury brand, a luxury brand supplier needs to establish and maintain a strong consumer-brand relationship (Okonkwo, 2007). Previous research has demonstrated that, in the luxury market, consumer-brand relationships are considered key to enhancing consumers' emotional attachment to brand (Chaudhuri & Holbrook, 2002; Bian & Forsythe, 2012), trust in the brand (Esch *et al.*, 2006), strong brand identity (Okonkwo, 2007; Chevalier & Mazzalovo, 2012), luxury customer value (Deng *et al.*, 2010; Li *et al.*, 2012) and consumer willingness to pay a price premium (Fullerton, 2003; Albert *et al.*, 2013). Recently, researchers have started to investigate the relational variables that lie at the heart of a consumer-brand relationship (Fournier, 1998; Chaudhuri & Holbrook, 2001; Albert & Merunka, 2013), including brand trust (Hess, 1995; Hess & Story, 2005), brand commitment (Fullerton, 2005) and brand affect (Chaudhuri & Holbrook, 2001). In particular, brand commitment is central to the consumer-brand relationship (Moorman *et al.*, 1992; Gundlach *et al.*, 1995; Fournier, 1998).

In their seminal study, Morgan and Hunt (1994) theorised that successful relationship marketing requires both commitment and trust, and include both constructs in their relationship model. Furthermore, commitment has been identified as a key mediating influence on consumer behaviours (Moorman *et al.*, 1992; Sargeant & Lee, 2004; Sung & Choi, 2010). For example, a high level of brand commitment may lead to repurchase behaviour, which is understandably a key objective for brand managers because it provides various advantages, such as greater resistance to competitors' marketing actions, consumers willing to pay a higher price for the products and positive word-of-mouth interactions between existing and new consumers (Aaker, 1991; Albert *et al.*, 2013). Fournier and Yao (1997) suggested that the integration of relationship theory with branding literature could lead to further understanding of the connotation of the consumer-brand relationship.

With dynamic growth in the luxury brand market and the accessibility of luxury goods to a wider range of consumers, traditional luxury marketing requires new approaches when targeting global consumers. The forces that drive luxury consumption in the various emerging markets are quite different from those in Europe and the USA (Wiedmann *et al.*, 2007; Choo *et al.*, 2012). For instance, the symbolic meanings of luxury tend to be diminished in newer markets, and individual meanings such as outstanding quality and unique experience are more important in the mature luxury market, as in Italy and the USA.

On the other hand, high-profile representation of the most prestigious brands is crucial in emerging countries (Kapferer & Bastien, 2009). Luxury brands cannot only satisfy consumers' functional needs, but also can gratify their psychological needs (Vigneron & Johnson, 2004). Apart from functional utilities, luxury brands are recognised as conveying prestige and esteem to their owners (Vigneron & Johnson, 2004; Wiedmann *et al.*, 2009; Choo *et al.*, 2012). For the significant emerging luxury market of mainland China, luxury brand consumers have a greater predisposition toward conformity and acceptance by their community as a result of luxury brand consumption (Chadha & Husband, 2006; Gao *et al.*, 2009; Wang *et al.*, 2011). Consequently, it could be argued that the consumer in a collectivist environment places more emphasis on publicly visible possessions to symbolise desirable status within the potential socioeconomic hierarchy (Wong & Ahuvia, 1998). In contrast, individualists judge products much more personally and place greater focus on hedonistic private meanings of possessions. Collectivists evaluate products by affiliation – this being denoted by brand and price – and utilise them as signals to enhance their in-group reputation (Gao *et al.*, 2009).

Previous luxury research has primarily concentrated on developed Western markets where the economic environment serves as a significant contributory factor to luxury consumption (Dubois & Duquesne, 1993a; O'Cass & McEwen, 2004; Dubois *et al.*, 2005; Husic & Cicic, 2009; Wiedmann *et al.*, 2009). It is of interest, therefore, to understand whether empirical research based on the Western context can be applied in a significantly different cultural context, such as in China. This question takes on both theoretical and practical significance, given the background of an increasingly globalised economy and the vital role played in this by a nation like China. Specifically, it is critically important for researchers and marketers with an internal luxury brand consumption to understand the motivations behind why Chinese consumers are buying these luxury brands and what they believe luxury brand to be, as well as how their perception of luxury customer value impacts on both their brand commitment and their subsequent buying behaviour.

From a marketer perspective, knowledge of all relevant aspects of consumer perception of luxury and more robust measures of luxury value integrating cultural differences potentially enhances the efficiency of any marketing initiative in this context (Wiedmann *et al.*, 2009). From a theoretical perspective, the study focuses on applying brand commitment within the Theory of Reasoned Action (TRA) model to understand how brand commitment affects buying behaviour in the luxury brand sector. This understanding and

interpretation is achieved using the brand commitment and Chinese consumers' purchasing behaviour literature as a study position, and is discussed in detail in Chapter 3 of this thesis.

## **1.2 The Chinese Luxury Market**

China's economy has dramatically grown since the beginning of Deng Xiaoping's open-market reforms in 1978, leading to significant increase in those who can be considered wealthy (Zhang, 2012). Wealthy parents, who experienced social-political-economic changes and reshuffles in the country's social structure at a young age before they accumulated wealth and a stable economic platform, are trying their best to give the next generation wealthy and happy lives. They perceive that money is the best way to show love to their children (Zhang, 2012). This leads many Chinese to develop a higher level of materialism. By constantly acquiring luxury items as an outcome of this materialism, they gain satisfaction and happiness from the esteem and appreciation of others, rather than necessarily from the items themselves (Liao & Wang, 2009). As a consequence, Chinese consumers' attitude toward purchasing luxury goods goes beyond just simple possession of luxury goods for self-satisfaction. Instead, there is a level of interdependence at the heart of their attitude toward purchasing luxury fashion goods (Zhang, 2012).

Today, the living standards of Chinese have been rising dramatically and a new group known as the "new rich" has emerged (Gao *et al.*, 2009; Sun *et al.*, 2009). Currently, there are 960,000 Chinese millionaires (with RMB 19 million – RMB stands for Renminbi, the primary unit of the yuan) and 60,000 super-rich as labelled but not explicitly defined by Kapferer and Bastien (2012). However, the luxury goods market is not restricted solely to the Chinese 'new rich'. The rising middle class in China cannot be ignored in relation to the growth of luxury goods consumption. At the same time, from the lower end of the income scale, the middle class (those with annual household disposable incomes from RMB 50,000 to 250,000) is rapidly rising.

Although upper middle class consumers can only afford the occasional luxury purchase, they already account for approximately 12% of the market and are stretching their budgets to purchase specific Western luxury goods – watches, jewellery, handbags, shoes and clothing, for example – which until very recently were exclusive to only the most wealthy. The middle class is a new entrant into the luxury-spending category, covering around 76 million households with an income range of RMB 50,000 to 250,000 (Atsmon *et al.*, 2011).

The number are increasing in size and importance to make China is the country with the world's largest number buyers of luxury items, accounting for some 29% of the global market in 2013 (*The Economist*, 2014).

The luxury market at this moment essentially involves the young rich, 73% being younger than 45 years old and 45% younger than 35 years old (Kapferer & Bastien, 2012).

Although the mainland Chinese luxury market has slowly grown at 2% in 2013 (compared to 7% in 2012) and with expectations of a similarly slow increase in 2014, the Chinese continue to be enthusiastic shoppers for luxury items (Bain & Company, 2013). The Chinese remain the largest nationality of luxury buyers worldwide and accounted for 29% of the global market in 2013, an increase of 4% points on a year earlier (Bain & Company, 2013). Although many other markets are flat or shrinking, in mainland China the luxury goods market is booming. The overall luxury sales hit RMB<sup>1</sup> 306 billion in 2012, and this consisted of two elements. The first was the internal market – RMB 113.22 billion; the second was Chinese spending abroad – almost RMB 92 billion in 2012 (Bain & Company, 2012b).

Luxury goods companies are expanding rapidly in the country to accommodate a demand that will account for half of their forecasted global growth in the next 10 years (Bain & Company, 2012a). Therefore, many luxury brands have intensified their marketing campaigns in China, opening new outlets and even expanding their sales networks in Tier 2/3<sup>2</sup> cities (Liu, 2011). For instance, Louis Vuitton now has 36 stores in 29 cities across mainland China, compared to stores located in 10 cities in 2005 (Shi, 2011). Hermes quadrupled the retail outlets from five in 2005 to 20 in 2011 (Atsmon *et al.*, 2011). Gucci has expanded even faster, starting with only six shops at the beginning of 2006, increasing to 39 shops by 2011 (David & Liz, 2011). Luxury leather goods, designer clothes, watches and jewellery represent the most favoured items for the Chinese luxury brand consumers as they enable them to display their wealth (CLSA, 2011). As such, leather goods, watches and jewellery are expected to see the fastest growth in mainland China (GMID, 2010).

---

<sup>1</sup> 2012 GBP/RMB exchange rate=9.8.

<sup>2</sup> As the Rightsite survey reported that, used six criteria for defining a city tier in mainland China, namely: population of more than five million people; provincial GDP at least RMB 250 billion, or RMB 350 billion in more prosperous provinces; economic growth; geography (i.e. cities which are the most significant in their area); advanced transportation infrastructure; historical and cultural significance (Cole, 2009).

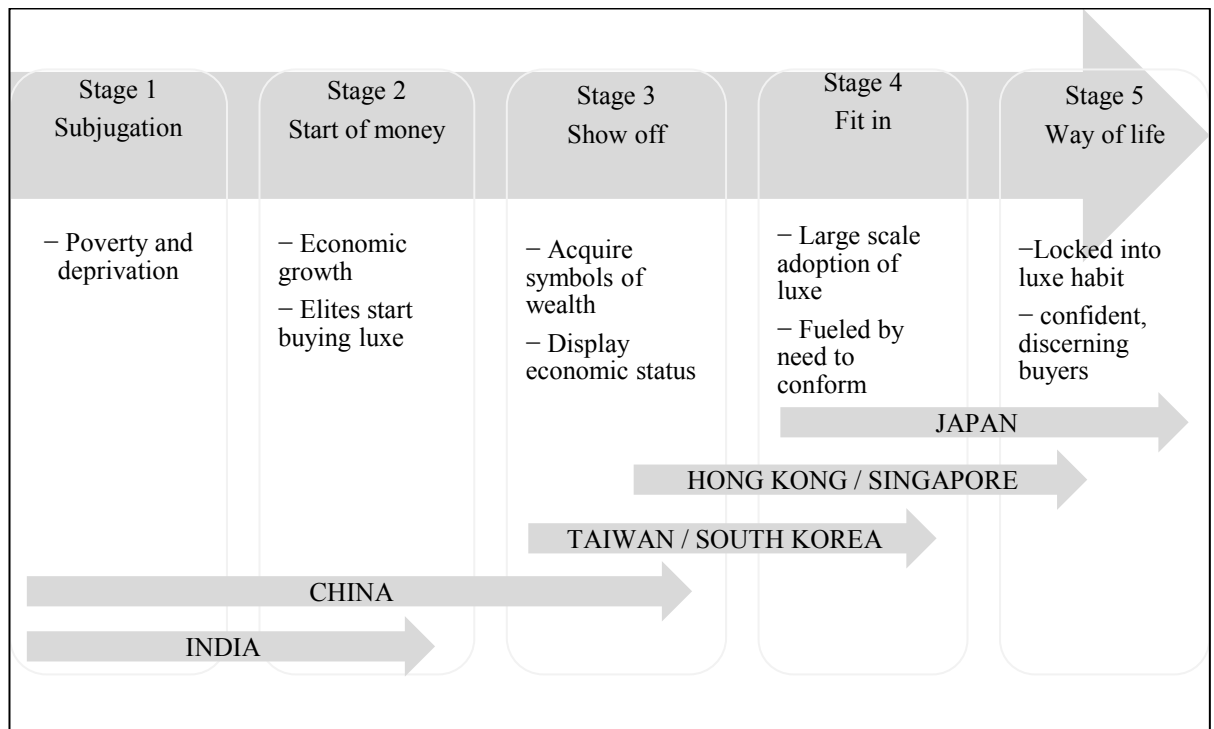
The “new rich” in China have only recently acquired their newfound wealth and status (Liao & Wang, 2009). Given the relative immaturity, they want clear signs of their recognition and respect, which can be achieved by displaying known luxury brands. In China, consumers perceive that they can demonstrate their importance through buying luxury products. The number of very rich is also growing, and the number of dollar billionaires shows the highest growth in the world. These billionaires desire distinctive products in line with their recently acquired financial success (Kapferer & Bastien, 2012). Globalisation has also stimulated the desire for a luxurious lifestyle among the very wealthy in China, and thus the affluent are willing to, and capable of, paying premium prices for luxury brands in order to obtain both status and prestige (Gao *et al.*, 2009).

The Chinese luxury market has revealed a number of unique characteristics as it has evolved. Young consumers aged between 20 and 44 years (80%) are the largest purchasers of luxury products. In contrast, people aged between 40 and 65 years (70%) form the largest segment for luxuries in developed countries (Atsmon *et al.*, 2012). Since consumption of luxury items has been penetrating different levels of Chinese society, even those not having much disposable income now have the potential to acquire luxury brands. Interestingly, there is a popular trend of buying luxury brands in the younger generation by spending tomorrow’s money or spending ahead of income (*Trendy Life*, 2006). In addition, young males are typical purchasers in the Chinese market (Atsmon *et al.*, 2012). KPMG (2013, p. 15) found that Chinese consumers are still much conspicuous consumption-oriented (Veblen, 1995). Reasons given for the purchase of luxury products are:

- “I appreciate the superior quality of luxurious brands, not simply the pursuit of famous brand names” (72% agree with the statement);
- “I own luxury goods to reward myself” ( 62% agree with the statement);
- “Owning luxury goods demonstrates my success and social status” (60% agree with the statement);
- “Luxury goods give me confidence” (60% agree with the statement).

Furthermore, Chadha and Husband (2006, p. 43) developed a “spread of luxury model”, looking at acquisition and consumption (presented in Figure 1.1), including a five-stage process to explain the maturity of luxury culture in Asian countries.

Figure 1.1 The Spread of Luxury Model



Source: Adopted from Chadha and Husband (2006, p. 43)

Every country in Asia has gone through some form of the first stage, “Subjugation”. Examples include that of Hong Kong, India, Singapore and Malaysia, which were under the control of the British. China was subjugated internally when the Communists took over in the late 1940s. This led to a relatively miserable life for most of the population characterised by hard work, shortage of money and limited personal self-esteem (Chadha & Husband, 2006). The second stage, “Start of money”<sup>3</sup> began in earnest in the 1980s (Chadha & Husband, 2006). The third stage is “Show off”, reached by several countries; people began obtaining the symbols of wealth and displaying them explicitly (Chadha & Husband, 2006). The fourth and fifth stages are “Fit in” and “Way of life” respectively, reached currently by only the relatively advanced Asian economies.

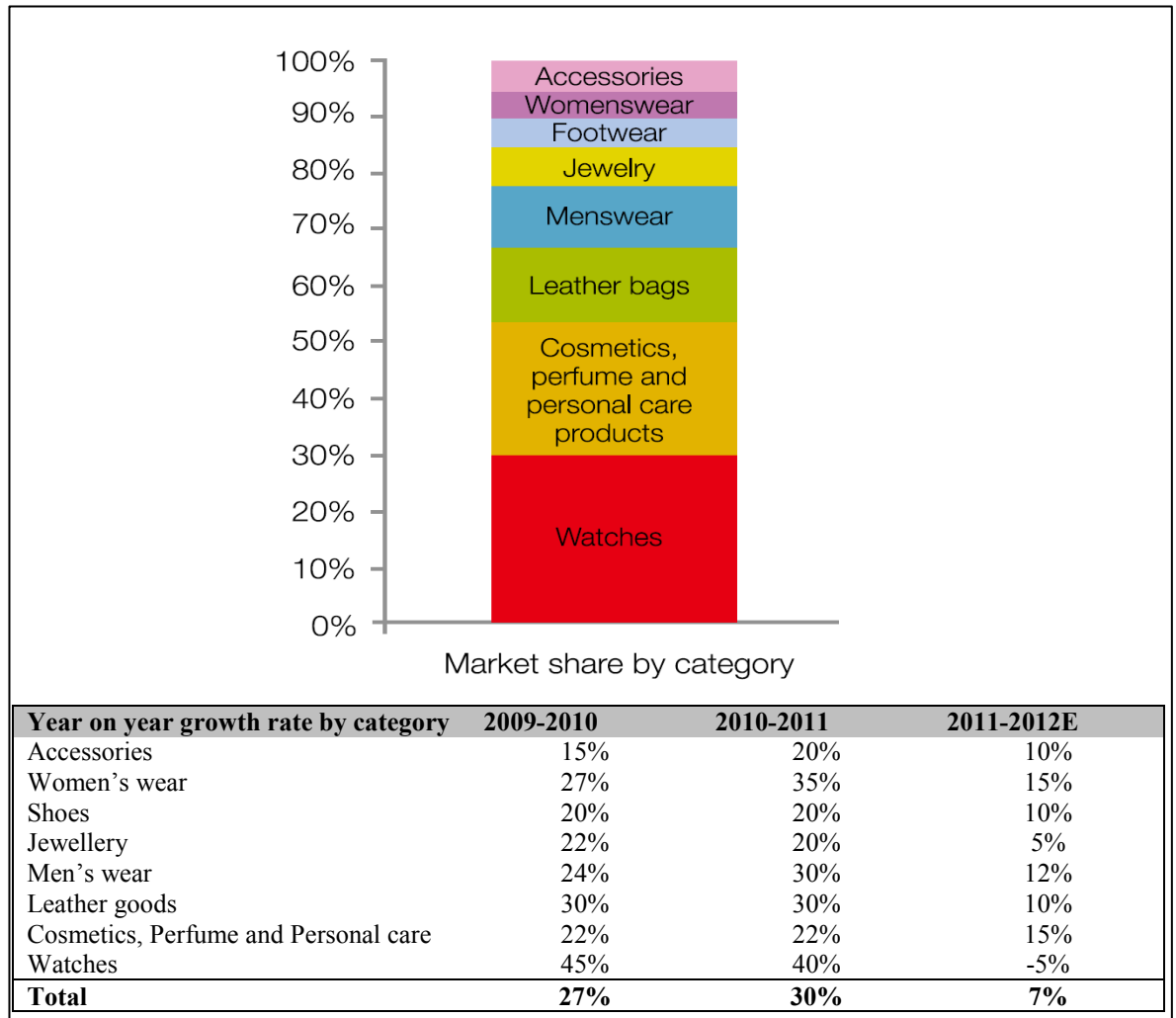
China is currently situated at the “Show off” stage, as illustrated within Figure 1.1 (Chadha & Husband, 2006, p. 45). Consumers in Asia perceive luxury goods as a symbol of their status or as a way of boosting self-recognition (Zhang & Kim, 2013). In the early 21st century, Phau and Prendergast (2000a) proposed that in Asian countries a luxury brand strongly determines the wearers’ social position and esteem in which he is held. Showing off conspicuous brands flaunts their wealth.

<sup>3</sup> For example, “television and washing machines became the new luxury goods for the emerging middle class in Japan, while a smaller group of elite consumers possessed Hermes bags and European jewellery” (Chadha & Husband, 2006, p. 43).

In collectivist cultures such as China, interpersonal factors (emotional value, social value and symbolic value) represent the dominant effects with regard to consumption of luxury goods. This involves a public display of expensive purchases, thus establishing a consumer's social status symbolically and enhancing their social reputation (Liao & Wang, 2009; Zhang & Kim, 2013). As luxury is a social signifier and the individual can choose it according to their dreams, therefore, the "DNA" of luxury is the consumer's symbolic desire to belong to an elite social class (Kapferer & Bastien, 2012). The middle-class Chinese consumers see luxury goods as a symbol of the movement toward the social status to which they aspire (Zhang & Kim, 2013).

Euromonitor (2011) analysed the world luxury goods market based on six main sectors: Premium Drinks, Watches and Jewellery, Fashion Clothing and Accessories, Premium fragrances, Luxury Travel Goods, and Premium Cosmetics and Toiletries. Bain & Company (2012b) listed seven categories of the luxury product in a global luxury market report: Personal Luxury Goods, Luxury Cars, Luxury Wines and Spirits, Luxury Food, Design Furniture, Luxury Hospitality and Luxury Yachts. These classifications of luxury goods are based on Western countries rather than China. More recently, in research by Bain & Company (2012a) on China, Western luxury goods are categorised in seven main groups: Watches, Jewellery, Men's and Women's Wear, Shoes, Suitcases and Handbags, Cosmetics, Perfume and Personal Care, and Others (see below, Figure 1.2).

Figure 1.2 Market Share and Growth Rates of Luxury Sales in Mainland China by Selected Category, 2009-2012E



Source: Bain & Company – 2012 China Luxury Good Market Study (2012, p. 5)

Ideally, to fully assess the applicability of the researcher's instrument to the world of luxury, a large range of luxury items shall be selected. However, to keep the scale of the study manageable, his attention in this study is focused on three categories of Western luxury products: men's and women's leather goods (handbags, suitcases and wallets); men's and women's watches and jewellery; men's and women's perfumes and cosmetics. While not wholly representative of the world of luxury brands, the researcher considered that at least for illustrative purposes these products together constitute a viable sample. They were selected for variety of reasons. Firstly, in contrast to other products which could have been chosen (such as cars), none of them has any fundamental utilitarian value, a characteristic generally considered typical of luxury products. For instance, a designer scarf (e.g. Hermes) is identified by consumers invited to provide spontaneous exemplars of a luxury product (Dubois & Laurent, 1996). Secondly, they belong to three domains



(leather goods, fashion, watches and jewellery) which, considered jointly, represent a dominant share of the luxury market (McKinsey Corporation, 1990) and can be viewed as the highest level category in the worldwide luxury goods market (Bain & Company, 2012b). At the same time, the three products are different from each other in terms of unit price, durability, and anticipated purchase and consumption situations.

The research focuses on handbags, in part because “handbags are the engine that drives luxury brands today” (Thomas, 2007, p. 168). Handbags/suitcases are more visible, more sensitive to fashion and heavily embedded with meanings, but also less expensive. In fact, the average woman now owns four to six handbags (Pedersen, 2006). The average American woman purchases four handbags per year (Thomas, 2007). Moreover, handbags do not require sizing, as do shoes or ready-to-wear fashion. The absence of sizes suggests that women have far more choice and consequently handbags are a category where manufacturers carry large stock (Han *et al.*, 2010). At any given time, for example, Louis Vuitton typically offers more than 200 different handbags, but fewer than 20 different pairs of men’s shoes (Han *et al.*, 2010). Particularly, leather goods are expected to continue to outpace growth trends generally as a major gift choice for both personal and business products in China (Bain & Company, 2012a). From the consumers’ perspective, the consumer sophistication in China has been moving from logo products to absolute quality and intrinsic value (Bain & Company, 2012a). Meanwhile, males are increasingly relevant as a target group for large and small leather goods in China (Bain & Company, 2012a).

The sector of jewellery (e.g. diamond rings) and watches is clearly part of the luxury product world (Chevalier & Mazzalovo, 2012). These brands have their own retail stores or are sold through a very limited number of selective jewellers. They are generally expensive and typically bought as gifts (Dubois & Laurent, 1996). Jewellery retailers now offer rings with extremely small stones (a few carats), which make them no more expensive than certain designer handbags. The watch and jewellery sector is still the key driver of growth in emerging markets such as China (Bain & Company, 2012b). China has currently overtaken Japan to become the world’s largest market for luxury watches (Okonkwo, 2009). In 2011, sales of watches proved to be the top category for growth in the world; the growth rate dramatically increased by 40% from 2010 to 2011, while it decreased 5% from 2011 to 2012 (Bain & Company, 2012a). Jewellery increased by 10% in 2012, compared with 2011.

Perfume and cosmetics is a more intimate product, less durable and typically bought more frequently than the other categories (Dubois & Laurent, 1996). Okonkwo (2007) stated that perfumes in particular play an important role in consumer relationship with the brand. Valette-Florence (1998) mentioned that as perfumes are mostly associated with luxury products, they are closely connected to social and personal motives. Vigneron and Johnson (2004) also revealed with fashion luxury goods such as perfume, the mere use or display of a particular brand brings prestige to the owner and functional utility becomes a secondary issue. Perfume is also considered to be the easiest point-of-entry product into the luxury market and has the fastest growth rate. Luxury cosmetic brands are increasingly targeting emerging markets in cosmetics (Bain & Company, 2012b). According to Bain & Company (2012b), the growth rates of cosmetics and perfume increased by 22% from 2010 to 2011 in mainland China. The report also indicated that the growth rate increased by 15% in 2012 from 2011. Although different, men's and women's leather goods (handbags, suitcases and wallets), watches and jewellery, and perfumes and cosmetics are related, in that they belong to the luxury product domain in the Chinese context.

### **1.3 Research Gaps**

With the major markets for luxury brands no longer limited to the developed countries in the West, this expansion to “new rich” markets in the East, such as China, has created a subject that is receiving much attention (Sherman, 2009). The research areas of interest that have emanated from the covert motivating factors relate to consumer consumption, consumer perception and commitment exhibited toward luxury brands (Sung & Choi, 2010; Wang *et al.*, 2010; Bian & Forsythe, 2012; Zhan & He, 2012). Despite the considerable volume of research in this area, much remains to be understood about the motivational relationships that underpin the purchasing intentions for luxury fashion brands (Okonkwo, 2009). Berthon *et al.* (2009, p. 45) indicated: “they (luxury brands) are poorly understood and under-investigated”. Opportunities to research luxury brands in China do exist, and comment has been made regarding the lack of understanding, despite a significant recent expansion of an already established market, as described in the introduction to the thesis (Berthon *et al.*, 2009; Miller & Mills, 2012b).

In considering various motivating factors, consumer-brand relationship has become an emerging topic that is attracting continuous attention (Xi & Peng, 2010). Fournier (1998) claimed that the relationship between customers and their brands possess similar

characteristics to interpersonal relationships: for example, the relationship between partners and friends. However, this assumption demands fundamental change in assessing the shift in the associations between consumers and their brands (Sung & Choi, 2010). There is substantial evidence that the nature of consumer-brand relationships encompass differences to the relationships between humans, although insights from the literature specific to interpersonal relationships have proven useful for understanding the dynamic and complex relationships between consumers and their brands, especially with a long-term view (Fournier, 1998; Wang, 2002; Sung & Campbell, 2009).

Research in the field of brand commitment has tested various relational concepts, including brand trust (Morgan & Hunt, 1994), purchase involvement (Sung & Choi, 2010) and brand affect (Song, 2012). Despite the increased effect of brand commitment in relationship marketing research, a majority of the studies has considered brands simply as the objects of buying and consumption in the consumer-brand relationships (Sung & Campbell, 2009; Sung & Choi, 2010), particularly at the luxury brand level. Antecedents of brand commitment were identified as those that were directly related to the product brands, and the impact of the antecedents of brand commitment was assumed as linear while the potential for any effects among the predictors was ignored (Sung & Choi, 2010). Although the construct of brand commitment and its antecedents have been assessed in marketing and consumer behaviour literature, empirical evidence on the extent of the impact of these four predictors on brand commitment to luxury brands in a single model is limited (Sung & Campbell, 2009; Sung & Choi, 2010) (as detailed in section 2.6, section 2.7, section 2.8 and section 2.9). Most studies of relationship commitment and its antecedents were contextualised in business-to-business marketing rather than its business-to-consumer equivalent (Gounaris, 2005; Caceres & Paparoidamis, 2007; Sung & Choi, 2010). In this model, there still needs clarification as to whether the predictors interact with one another in determining the level of commitment in the consumer-brand relationship (Sung & Choi, 2010). This extended brand commitment model has not been tested in the Chinese context. Therefore, it raises new questions and provides new research opportunities to test brand commitment in this increasingly important arena.

Drawing on the seminal work by Allen and Meyer (1990) and Fullerton (2003, 2005), studies on brand commitment tend to focus on conceptualisation (Allen & Meyer, 1990) and measurement (Fullerton, 2003; 2005). Even as brand commitment has emerged as an important consumer-brand relationship construct, there is currently only limited knowledge

about what generates commitment relationships and what behavioural consequences may be in this context (e.g. purchase intentions and willingness to pay a premium price) (as detailed in section 3.3.3 and section 3.4.2). For instance, brand commitment may be influenced by product or brand characteristics, product quality or symbolic meaning, and may impact on the purchasing intentions toward the luxury brands (Avichai, 2012; Zhan & He, 2012).

The impact of functional, emotional, social and symbolic values, alone or in combination, on brand commitment and consumers' behavioural intention is subject to recalibration because consumers' concepts of luxury and luxury brands is also fluid and based on need (Choo *et al.*, 2012) (as discussed in section 2.9). Since the global economy has developed, the luxury markets have ceased to be homogeneous as a consequence of rapid expansion and have gradually become mature in most markets (Choo *et al.*, 2012).

In order to confirm the conceptual model as stable in the emerging marketplaces, it is necessary to examine the luxury brand value from the consumer perspective in China, as the location represents an area of increasing importance in luxury goods consumption (Tynan *et al.*, 2010; Hennigs *et al.*, 2012a). These luxury customer values are expected to have differing impacts on purchasing intentions given that brand commitment can vary in terms of strength and that stronger positive feelings toward luxury fashion brands can generate higher purchasing intentions (Hung *et al.*, 2011; Bian & Forsythe, 2012; Zhang & Kim, 2013). This study will investigate the extent to which these luxury customer values explain the Chinese consumer's willingness to pay a premium price on luxury fashion brands (as discussed in section 2.9.5). In addition, this will help to understand how luxury customer value (functional value, social value and symbolic value) and brand commitment are interrelated in contributing to purchasing intentions and a willingness to pay a price premium for luxury brands (as discussed in section 2.9.5).

The previous literature has cited differences between luxury purchase intentions in mature markets such as Italy and France, as opposed to the luxury purchase intentions in emerging markets such as in China, India and Russia (Amatulli & Guido, 2011). More specifically, previous research has pointed out that Western consumers purchase luxury brands mainly to demonstrate consistency with their individual styles, while the consumers from Asia buy them primarily to display wealth (Wong & Ahuvia, 1998; Gao *et al.*, 2009; Atsmon & Dixit, 2009; Zhan & He, 2012). However, some unexpected findings counter these

stereotypical ideas, with the Chinese consumer also buying to demonstrate moral obligation to the group consistent with the overriding collectivist culture (Bian & Forsythe, 2012). Furthermore, quality and performance recognition, rather than symbolic value, are seen as more important motivations for purchasing luxury products to Chinese consumers (Li *et al.*, 2012). This study will attempt to fill important research gaps relative to luxury consumption behaviour for Western luxury brands and test them in the Chinese market.

## **1.4 Intended Contribution to Knowledge**

This section outlines the anticipated contribution to knowledge provided by this thesis. This will then be reviewed after the data collection (Chapter 4) and the analysis stages (Chapter 5) to assess the contribution that has been made. This will be the first research to address the gap in the literature by integrating the concepts of brand commitment and luxury goods consumption behaviour derived from the branding literature. By so doing, a contribution will be made to the wider understanding of the brand commitment effect, which enhances previous work in this field.

The first intention of this study is to add to the body of knowledge in brand commitment and consumer-brand relationships by extending the “Investment Model” (Rusbult, 1980) into consumer’s consumption behaviour in the luxury brand context. It will enable a potentially comprehensive review of consumers’ commitment to their relationship with luxury brands from a long-term perspective. It is imperative to revisit the investment model of human relationships (Sung *et al.*, 2010), in which the conceptualisation of consumer-brand relationships is rooted and, by doing so, investigate both the independent and interactive effect predictors of brand commitment in the luxury consumer-brand relationship context. This research also has the potential to extend the empirical studies of Sung and Campbell (2009) and Sung *et al.* (2010) by examining the roles of brand affect, brand image, brand trust and luxury customer value jointly from a relational perspective in the luxury brands context of consumer-brand relationships. Therefore, this study includes purchase intentions and willingness to pay more as the subsequent outcomes of the variables of brand commitment, which have not been investigated in prior studies.

The second intended contribution of this study is that the dimension of luxury customer value will be confirmed, extending the studies carried out by Tynan *et al.* (2009) and Choo *et al.* (2012). This research updates the current knowledge provided in the seminal luxury

branding research of Wiedmann *et al.* (2009) by developing a multidimensional luxury customer value model in the new context. An important contribution will be made by expanding the scope of luxury branding research by Hung *et al.* (2011), Bian and Forsythe (2012) and Li *et al.* (2012) by investigating the unexplored but important role of luxury customer value for enhanced purchase intentions in the Asian market.

A further contribution of this research is to integrate the concepts derived from the brand commitment literature and Theory of Reasoned Action (TRA) model (Fishbein & Ajzen, 1975), contributing to a wider understanding of the behaviour of Chinese consumers and how they rationally and systematically apply information provided to them. That is, how the Chinese consumers' attitude toward luxury brands affects their buying intention, brand commitment, and future purchase intentions for luxury brands in the Chinese market.

The final section in this study will make an important methodological contribution stemming from the use of quantitative methods. The research measurement items were adapted from valid measurement scales, which were then refined and tested for reliability and validity (details see section 4.7.1). Three categories of luxury product were used to capture the Chinese consumers' purchase intentions toward luxury brands: leather goods, watches and jewellery, perfumery and cosmetics. The findings of this research will provide an opportunity to verify results from previous studies (Hung *et al.*, 2011; Bian & Forsythe, 2012; Zhang & He, 2013).

## **1.5 Research Methodology**

Following the positivist philosophical stance, the research presented here is designed to identify a single truth that can be widely applied to understand the world in which we live. The purpose, as already stated, is to identify what factors determine Chinese consumers' buying behaviour toward Western luxury brands. In light of this approach, survey questionnaires allow the collection of a large amount of primary quantitative data and the exploration of the cause-and-effect relationships that exist between variables. The research model developed allows examination of the factors that influence Chinese consumers' buying behaviour and, therefore, a generalisation from different segments or market places in mainland China can be made.

## 1.6 Research Questions and Research Objectives

Based on the research gaps already outlined in the previous part of this introduction, the aim is to investigate luxury consumption buying behaviour by examining the antecedents and consequences of brand commitment for luxury brands based on a Tier 1 city in the Chinese market. To focus the study, the researcher has developed a main research question:

**“What are the key factors influencing Chinese consumers’ buying behaviour toward Western luxury brands in mainland China?”**

The above research question will be addressed by the use of three sub-questions:

1. What are the significant antecedents in determining brand commitment in luxury brand buying behaviour?
2. What are the significant consequences determined by brand commitment in luxury brand buying behaviour?
3. What are the key factors influencing brand commitment in the luxury brand buying behaviour?

In order to answer the above, the following objectives have been identified:

1. To review critically the extant literature relating to antecedents to and consequences of brand commitment in luxury brand consumption behaviour.
2. To clarify which of the antecedents of brand commitment (brand affect, brand image, brand trust and luxury customer value) have the most influential effect on brand commitment.
3. To examine the relationships between the antecedents of brand commitment (brand affect, brand image, brand trust and luxury customer value) and the consequences of brand commitment (purchase intentions and willingness to pay a price premium) for the luxury brands.

4. To identify which factors (brand affect, brand trust, brand image, luxury customer value) impact most significantly on brand commitment, and in turn on consumer buying intentions (purchase intentions and willingness to pay a price premium).

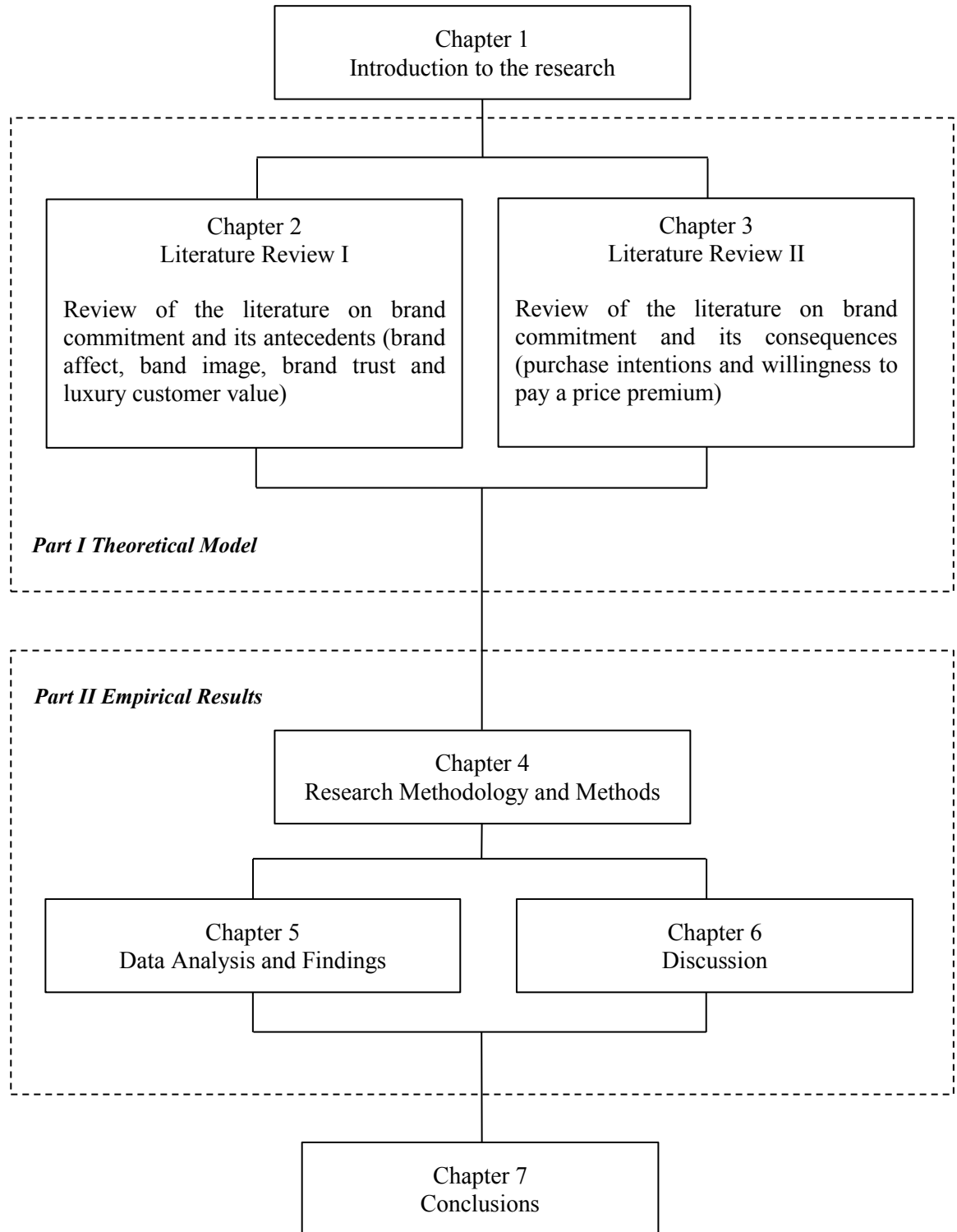
The importance of achieving these research objectives will be in the fact that luxury brand markets are no longer limited to developed countries in the West. They have been expanding to new markets in Asia in the last decade. The research into luxury brand buying behaviour is still in its formative stage in the Chinese context, and luxury retailers have not yet developed a proper relational focus to their marketing efforts. Given the importance of brand commitment in the consumer-brand relationship and formation of buying intention, it is self-evident that an in-depth study into buying intentions toward luxury brands will provide insights into the existing models of buying intentions and their application in the luxury brand industry. These insights should explain much about the success (or failure) of relationships between luxury brand retailers and their customers. In addition, this research provides an opportunity to conceptualise brand commitment on a more concrete level when investigating possible managerially controlled antecedent variables such as brand affect, brand image, brand trust and luxury customer value. Finally, it raises the possibility of identifying the effects of various dimensions of brand commitment upon buying intentions in luxury brand buying behaviour in China, as a different aspect of brand commitment may not be of equal significance or even leading in the same direction.

## **1.7 Structure of the Thesis**

This thesis is organised into seven chapters and the structure reflects the evolving nature of the study. Figure 1.3 below illustrates the structure.



Figure 1.3 Structure of this PhD Thesis



**Chapter 1** provides an introduction to the research background, identifies the current research gaps in the field, establishes the aims and objectives of the research, and considers the methodological approach adopted, as well as the potential contribution of this study. It concludes with the structure of the thesis.

**Chapter 2** reviews the literature on the concepts of brand commitment and its antecedents (i.e. brand affect, brand image, brand trust and luxury customer value). The chapter begins with an introduction to branding and luxury branding in particular. The associations between brand commitment and its antecedents are evaluated based on previous studies, and associated research hypotheses are provided.

**Chapter 3** presents the literature on the Theory of Reasoned Action (TRA) model, which is critically reviewed in relation to its ability to achieve the research objectives. The literature assessing the consequences of brand commitment is examined, focusing on purchase intention and willingness to pay a price premium for the luxury brands that have relevance to this study. The association between brand commitment and its consequences are also evaluated. A theoretical model is provided at the end of this chapter, alongside relevant research hypotheses to complement those presented in Chapter 2.

**Chapter 4** outlines the theoretical perspective that provides the direction for this thesis, with a detailed appreciation of the underlying principle of positivism. The research design and data-collection methods used in the two research stages are explained in relation to the research questions and research objectives. The consideration of data analysis, ethical issues, the strengths and limitations are also included in this chapter.

**Chapter 5** discusses the data screening and preparation for the survey, and provides a profile of the respondents. This chapter presents the empirical results and analysis related to testing the hypotheses in the proposed research model. Moreover, the chapter assesses the research findings and the proposed model together with the existing literature to present possible contributions to the study.

**Chapter 6** provides a detailed discussion on the survey findings in combination with a considered argument for the reasons and relevance of the findings, and the significance to extant literature.

**Chapter 7** comprises a conclusion to the study and an assessment of the original contribution to knowledge and core managerial implications. Furthermore, the strengths and limitations of the entire study are acknowledged and potential areas for future research are highlighted.

## **1.8 Chapter Summary**

The chapter begins by outlining the background of the study and the research gap. The research aims and objectives are stated and the research methodology afforded by the study summarised. The chapter concludes by providing a review of the potential contribution to knowledge followed by an outline of the structure of the thesis.

## **CHAPTER 2: LITERATURE REVIEW (I) REVIEW OF THE LITERATURE ON BRAND COMMITMENT AND ITS ANTECEDENTS**

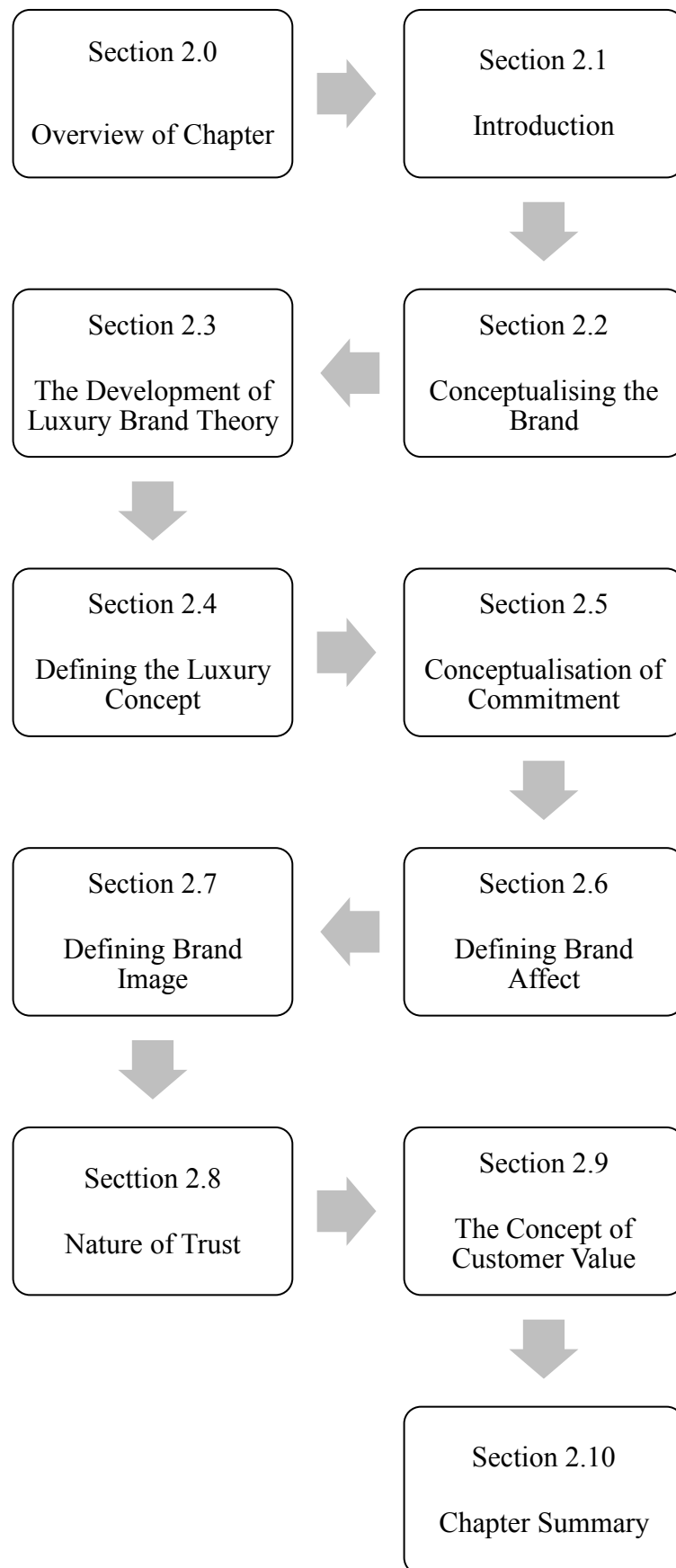
### **2.0 Overview of Chapter**

This literature review is split into Chapter 2 and Chapter 3. The purpose of Chapter 2 is to provide an overview of the literature dealing with concepts of brand commitment (Research Objective 1) and its antecedents (Research Objective 2). The associations between brand commitment and its four key antecedents (i.e. brand affect, brand image, brand trust and luxury customer value) are also explained in this chapter.

This chapter commences by reviewing the literature on branding theory (section 2.2) and the development of luxury brands theory (section 2.3). This will be followed by an overview of the luxury concept (section 2.4). More specifically, this section includes: general information defining “luxury brands” (section 2.4.1); how to categorise luxury brands (section 2.4.2); the classification of luxury brands (section 2.4.3); the dimensions of luxury brands (section 2.4.4); distinguishing between fast-moving consumer goods and luxury goods (section 2.4.5), and the definition of luxury brands (section 2.4.6). In the following section (section 2.5), the concept of commitment will be introduced. The difference between brand commitment and brand loyalty will be critically discussed (section 2.5.3) and the components of brand commitment will be identified at the end of this section (section 2.5.4).

In addition, the literature on the four antecedents of brand commitment will be reviewed in the following sections: brand affect (section 2.6), brand image (section 2.7), brand trust (section 2.8) and luxury customer value (section 2.9). In these four sections, the constructs will be discussed in order to lay the foundations upon which the model and research hypotheses will be built. There will be a detailed discussion of these constructs and a justification for their inclusion. Finally, everything will be synthesised in a proposed research model and the detailed hypotheses of this study will be presented. The structure of the Literature Review (I) for this chapter is shown in Figure 2.1 below.

Figure 2.1 The Structure of A Literature Review (I)



## **2.1 Introduction**

The luxury phenomenon has generated interest in both academic and business areas for the last two decades. With the dynamic growth in the luxury market and the availability of luxury goods to a wider range of consumers than ever before, luxury brands now appear in every aspect of life. They are no longer only accessible to upper-class consumers, but are also affordable for middle-class consumers (Atwal & Williams, 2009). The luxury market has been transformed from its traditional conspicuous consumption paradigm to a new experiential luxury sensibility marked by a change in the way consumers define luxury (Wiedmann *et al.*, 2007). Therefore, it is critically important for luxury researchers and marketers to understand why consumers buy luxury products, what they believe are luxury products, and how their perception of luxury value impacts on their buying behaviour.

To achieve the aim of this study, which is to identify the key factors impacting on the purchase intentions toward luxury brands, it is necessary to gain an understanding of what luxury brands are. It is also vital to understand how they are categorised prior to examining the key factors from the luxury brand perspective. The elements which distinguish luxury from mass-market brands (non-luxury brands) and the links between brand commitment, its antecedents and its consequences, are also examined.

## **2.2 Conceptualising the Brand**

It is important to begin a study understanding luxury brand purchase behaviour by defining a brand. Brands now impact on every aspect of people's lives and are no longer simply a means of differentiating products between competitors. Over the past half-century, defining brand has been subject to a series of refinements, resulting in a dramatic extension in the application and scope of branding (Keller, 1998; Knox & Bickerton, 2003; De Chernatony *et al.*, 2010). Branding originally emerged as an area of academic study during the consumer boom when Gardner and Levy (1955) provided new insights into how consumers conceived brands in America in the late 1950s. Since then, branding has risen on the corporate agenda and is recognised more and more as a strategic tool for generating and supporting value creation (Kapferer, 2008; De Chernatony *et al.*, 2010; Tynan *et al.*, 2010).

### **2.2.1 Product and Brand**

There has been much discussion in the academic and practitioner branding literature on the relationship between the two terms (Kapferer, 2008; De Chernatony *et al.*, 2010), which are often used synonymously (Myers, 2003; De Chernatony *et al.*, 2010). In the early 1960s, Levitt first conceptualised the total product concept and the theory of product differentiation. He described the products as combinations of tangible and intangible attributes. Levitt's conclusion that, rather than focus on physical products organisations should concentrate on solving consumers' needs, has become highly influential (Levitt, 1983; De Chernatony *et al.*, 2010)

A product is recognised as a functional object with tangible features that exists in the external temporal world and which can be defined, measured and assessed (Runkel & Brymer, 1991). On the other hand, the brand has no tangible, physical or functional properties, and comprises the "added values" that augment and distinguish the product (De Chernatony *et al.*, 2010). Although conceptually distinct, the brand cannot exist without the product. Therefore, the two elements have to be considered as inseparable components. In order to study contemporary understanding of luxury brands, the next section will analyse the different approaches by which brands have been defined and conceptualised.

### **2.2.2 Defining the Brands**

Although the academic and practitioner branding literature is extensive, finding a universally accepted definition of the term "brand" remains elusive. As a result of the multifaceted nature of the concept, a multiplicity of definitions and contextualised understandings of its operational exist (Brodie *et al.*, 2006). The definitions in Table 2.1 illustrate the considerable changes in the conceptualisation of brands that have emerged since 1960, reflecting the diversification and developing understanding of the role of brands over the last 50 years (El-Amir & Burt, 2010). According to Heding *et al.* (2008), the definitions of brand have been conceptualised within five main themes (identified from the definitions in Table 2.1): an identification device, a means of differentiation by adding value to a product, a mental association, a financial asset, and moving from product brand to corporate brand.

Table 2.1 Definitions of Brands (in chronological order)

| Author (s)/Year                               | Definition   |
|---|--|
| American Marketing Association (1960, p. 404) | <i>"A name, a term, symbol or design or a combination of them that is intended to identify goods or services of one seller or group of sellers and to differentiate from competition".</i>                   |
| Farquhar (1989, p. 25)                        | <i>"A name, a symbol, design or mark that enhances the value of a particular product beyond its functional purpose".</i>   |
| Hankinson and Cowking (1993, p. 1)            | <i>"A product or service made distinctive by its positioning relative to the competition and by its personality".</i>  |
| Aaker (1996, p. 7)                            | <i>"A distinguishing name and/or symbol...intended to identify the goods or services of either one seller or a group of sellers and to differentiate those goods or services from those of competitors".</i> |
| De Chernatony <i>et al.</i> (1998, p. 20)     | <i>"An identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique, sustainable added values which meet their needs most closely".</i>         |
| Keller (1998, p. 48)                          | <i>"A set of mental associations held by the consumer which adds to the perceived value of a product or service".</i>  |
| Kotler (2000, p. 396)                         | <i>"A brand is the name, associated with one or more items in the product line, that is used to identify the source of character of the item(s)".</i>  |
| Doyle (2001, p. 20)                           | <i>"Brands add value by differentiating the firm's product and providing consumers with confidence in the rational or emotional benefits it offers".</i>   |
| Seetharaman <i>et al.</i> (2001, p. 234)      | <i>"An asset that does not have physical existence and the value of which cannot be determined exactly unless it becomes the subject of a specific business transaction of sale and acquisition".</i>        |
| Salzer-Morling and Strannegard (2004, p. 228) | <i>"Stories about the corporate self; they carry a message of the inner, core values of the organisation or the product".</i>  |
| White (2007, p. 20)                           | <i>"A complete experience and entertainment".</i>  |
| De Chernatony <i>et al.</i> (2010, p. 31)     | <i>"A brand is a cluster of functional and emotional values that enables organizations to make a promise about a unique and welcomed experience".</i>  |

Source: Original

### 2.2.2.1 Branding as Identifier

The priority of branding is to create memorable visual identities, as reflected by the American Marketing Association's (AMA) (1960) classic definition in Table 2.1. It focuses on the role of the brand as a naming and differentiating device (Hanby, 1999). When more brands become readily available, it is common to differentiate competing products by the use of a distinctive name or a certain external attribute (i.e. colour). For example, where differentiation between brands has not been established in the minds of consumers, price becomes the major competing factor, and the lowest cost producer is likely to be most successful (De Chernatony, 2010). Aaker (1996) used almost the same



definition as the original AMA one in 1960, but later definitions acknowledge that a brand is more than a product with a name (Table 2.1). Although not always specifically stated as such, it is this definition or understanding of brands that has been used most consistently in luxury brand literature (Phau & Prenderhast, 2000; Vigneron & Johnson, 2004; Atwal & Williams, 2009; Jin, 2012).

#### **2.2.2.2 Branding as a Differentiator by Adding/Creating Value**

Most subsequent definitions do not refer to the brand as identifier, although this can be assumed to have been covered as part of the overall multidimensional construct.

Differentiation is achieved by adding “value”, as articulated first in Farquhar’s 1989 definition (see Table 2.1). Seven of the twelve definitions subsequent to Farquhar contain the term “value” (see Table 2.1). Use of the word differs in various definitions. That the brand enhances the value of the core product in ways that is of importance to consumers is evident from De Chernatony *et al.* (1998), Keller’s (1998), and Doyle’s (2001) definitions.

There is considerable empirical evidence in the literature to support a conceptualisation of brands having a functional/utilitarian component and a symbolic/expressive component (Park *et al.*, 1986; Keller, 1993; Vigneron & Johnson, 2004; Ghoderwar, 2008). De Chernatony *et al.* (2010) also point out that consumers often evaluated brand in terms of both functional (rational) and symbolic (emotional) dimensions. The functional dimension describes product-related performance capabilities which comprise the added value component of branding. Consumers started to take for granted the fact that brands represented consistent quality, associated uniqueness and functional benefits. For example, a luxury watch was not just perceived as an instrument to tell time but also as a guarantee of a higher level of accuracy of movement and a way of providing exclusivity.

Symbolic/expressive dimension refers to a product’s ability to reinforce a consumer’s self-image and its ability to help a consumer display their desired image to others. Levitt (1983, p. 84) argued that a product represented “a complex cluster of value satisfactions” to buyers, who attached value to the product according to its perceived ability to meet their needs. A brand that satisfies customers’ practical needs delivers functional value, whereas a brand that satisfies customers’ need for self-expression delivers symbolic value (Bhat & Reddy, 1998). Added value could represent a means for differentiating what is on offer and

providing a basis for choice by giving cues that enable customers to recognise superior value and, therefore, be more confident in their choice (Schmitt & Simonson, 1997).

#### **2.2.2.3 Branding as Mental Association**

The definitions of brand identified in Table 2.1 focus on the symbolic/expressive component captured in the De Chernatony *et al.* work (2010). These relate to the consumer perception of brands, recognising that ultimately brands exist in consumers' minds (Keller, 1998). The symbolic dimension describes the emotional relationship with the brand (Del Rio *et al.*, 2001). These mental associations which consumers ascribe to products are expressed as "its personality" by Hankinson and Cowking (1993), "emotional benefits" by Doyle (2001) and "emotional values" by De Chernatony (2010). For example, in certain product fields (e.g. luxury handbags and luxury fashion clothing), buyers perceived significant badge value in the brands, since brands enabled them to communicate their emotions or social status (Tynan *et al.*, 2010). In other words, brands are used as symbolic devices because of their ability to help users express certain things (e.g. self-concept) to their peer groups, with users taking for granted functional capabilities (Kapferer, 2008).

#### **2.2.2.4 Branding as Financial Asset**

The highly leveraged acquisitions in the late 1980s (Egan, 1998), when there were huge differences between the book values of company assets and the prices paid for companies with strong brands, recognised the value of brands as distinct from products (Doyle, 2001). Further evidence of this has been the development of the concept of brand equity which originated in the 1990s (Kapferer, 2008). The definition of brands in Table 2.1 (Seetharaman *et al.*, 2001) refers to this aspect.

#### **2.2.2.5 Branding as the Corporation**

Before the early 1990s, the majority of classic perception and application of branding focused only on products (De Chernatony, 2010). However, this traditional branding model is recognised as being too restrictive with its single-minded external focus on customers (Aaker & Joachimsthaler, 2000; Kapferer, 2001). Recently, definitions of brand (see Table 2.1) reflect the importance of building a consistent internal culture for conveying the values of the corporate brand (De Chernatony, 2010). Corporate brands expand the

parameters of differentiation and enable companies to exploit their unique cultural heritage and identity (Aaker, 2004). All of the organisation's unique cultural heritage, significant symbols, iconic leaders and societal importance contribute to the foundation of a corporate brand. This provides the potential for grounding the uniqueness of the brand in the heritage and distinct identity of the organisation. This has particular relevance to luxury brands where strong use of heritage symbols and histories is important (Kapferer & Bastien, 2009).

### **2.3 The Development of Luxury Brand Theory**

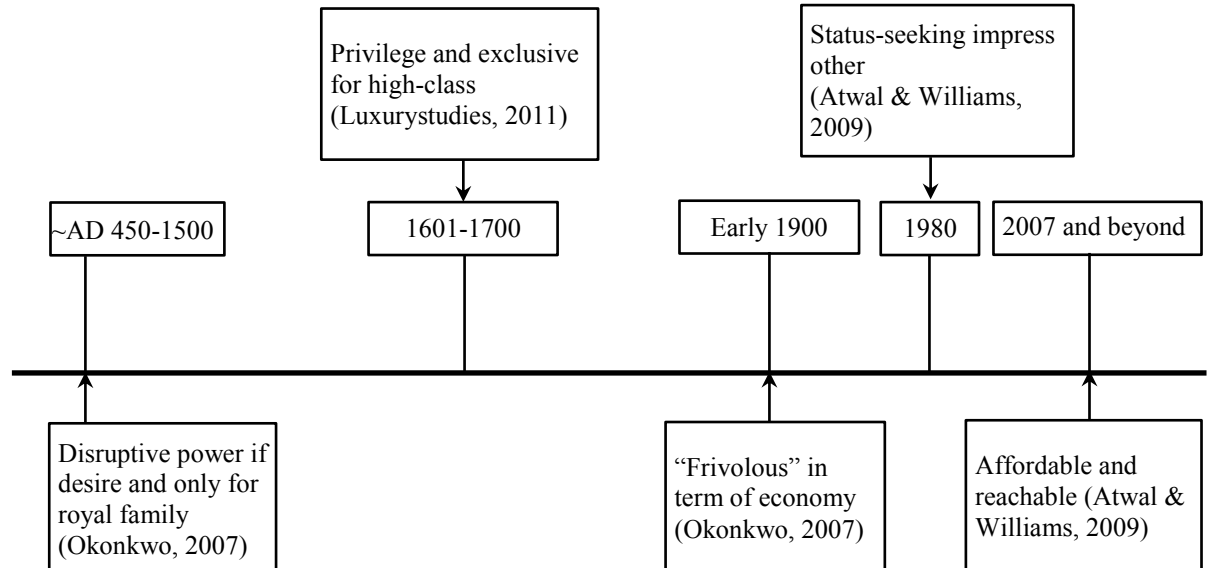
Branding was launched as long ago as during the Ancient Greek and Roman empires. It was created through "carving out shop route signs and product descriptions in stone along footpaths" (Okonkwo, 2007, p. 3). This method progressed through to the early 16th century when wine companies shipped their products in wooden barrels with the name of the company "burned into them" – another step in the evolution of brands (Okonkwo, 2007). Moving on through the years, Okonkwo (2007) explains that with the industrial revolution, development, improvements in transportation and the emergence of social infrastructure, branding became an important tool for identifying products. Certain companies such as Twinings of England introduced their branded products "as early as 1706" and Schweppes also started branding its "branded drinks in 1798" (Okonkwo, 2007). After the First World War, Okonkwo (2007) describes a time when the world's monarchies and the world's aristocracy and social class systems began to disappear and there emerged a "change in luxury fashion".

Several of today's largest and most valuable luxury brands, including Louis Vuitton, Gucci and Guerlain, originated in France and Italy. They first emerged in the 19th and early 20th centuries (Okonkwo, 2007). They were followed by other European brands such as Ralph Lauren and Donna Karan, British brands such as Burberry, and Far Eastern brands such as Yohji Yamamoto and Issey Miyake (Okonkwo, 2007). A number of significant changes in luxury fashion management took place in the 1980s. They included a series of multiple mergers, acquisitions and strategic alliances among companies driven by global business sophistication (Okonkwo, 2007). These processes showed the importance of the concept of branding as an intangible asset for companies. Okonkwo traces the growth and expansion of luxury fashion, from the Byzantine Empire and Ancient Rome to the Middle Ages (~AD 450–1500), asserting that the "explosion of the Renaissance period changed the face of fashion and art forever" (Okonkwo, 2007, p. 20). Most of the luxury brands known in

2012 were launched during the 19th century. In fact, in the 19th century the French government passed legislation that was favourable to the textile and fashion sectors of the economy. During that time, the fashion industry in France became an established world leader and was segmented into two parts: dressmaking, which was mostly managed by highly influential women, and textile merchandising and professional tailoring which was managed mostly by men.

In the first part of the 20th century, fashion and luxury were perceived as “frivolous” and irrelevant subjects in terms of the economy. Even so, during that time there was “an explosive growth of the beauty and cosmetics sector”, followed by a fashion revival in the 21st century led by Coco Chanel (in 1910), Paul Poiret (in 1904) and Madeleine Vionnet (in 1912), among others, including in 1980 Bernard Arnault (Okonkwo, 2007, p. 8). Recently luxury goods have become available and affordable for middle-class consumers and occasionally lower-class consumers due to the variety of product range such as perfume, cosmetic and accessories (Atwal & Williams, 2009). The timeline for luxury brand development is shown below Figure 2.2.

Figure 2.2 The Timeline of Luxury Branding



## 2.4 Defining the Luxury Concept

“Luxury” is derived from the Latin word *luxus*, meaning indulgence of the sense regardless of cost. Many other European languages have a word derived from the Latin – French *luxe*, Italian *lusso*, and Spanish and Portuguese *lujo* (Dubois *et al.*, 2005). Although routinely

used in our everyday life to refer to products, services or a certain lifestyle, the term “luxury” elicits no clear understanding (Wiedmann *et al.*, 2009). It takes different forms for different people and is dependent on the mood and experience of the consumer. According to Kapferer (1997, p. 253), the word luxury “defines beauty, it is art applied to functional items. Like light, luxury is enlightening. Luxury items provide extra pleasure and flatter all senses at once”. While, necessities are utilitarian objects that relieve an unpleasant state of discomfort, luxuries are characterised as objects of desire that provide pleasure (Berry, 1994).

Yeoman and McMahon-Beattie (2005) indicated that luxury is associated with affluence and consumption available exclusively to the elite. Wiedmann *et al.* (2009, p. 626) also proposed “a strong element of human involvement, very limited supply and the recognition of value by others are key components” for the definition of luxury.

Any conceptualisation of luxury would do well to begin with Smith (1723–1790), who divided consumption into four categories in his *An Inquiry into the Nature and Causes of the Wealth of Nations* (Smith, 2007). Those categories were: necessary (to maintain life); basic (for normal growth and prosperity of people and communities); affluence (goods that are not essential for growth and prosperity), and luxury (goods that are in limited supply, difficult to procure and/or very expensive). Obviously, he has used a specific method to define luxury rather than provided a definition of luxury in his book. This concept of luxury as being linked with rarity (through material scarcity or high price) has been carried forward by Dubois and Paternault (1995), while Kapferer (1997) has identified a laundry list of attributes of luxury brands, such as premium quality, beauty, sensuality, exclusivity, history, high price and uniqueness. Vigneron and Johnson (2004) concur with the views of Kapferer (1997) on the definition of luxury as representing beauty. However, questions must be raised regarding defining luxury solely in terms of higher price, because expensive products may not necessarily be seen as luxuries (Prendergast *et al.*, 2000). Phau and Prendergast (2000b, p. 123) developed a comprehensive definition of luxury brands that identifies four characteristic factors: luxury brands “evoke exclusivity, (have) a well-known brand identity, (enjoy high) brand awareness and perceived quality, and retain sales levels and customer loyalty”.

Nueno and Quelch (1998, p. 62) also defined luxury brands from an economic perspective as “those whose ratio of functional utility to price is low while the ratio of intangible and

situational utility to price is high”. This definition is comparable to the definition given by McKinsey Corporation (1990), who interprets luxury brands as those whose quality and price ratios are the highest in the market. That is, their price is significantly greater than the price of products with similar tangible features (Vigneron & Johnson, 2004). Moreover, Kapferer (2001) illustrated that luxury brands not only convey a standard of excellence, but also act as social codes indicating access to the rare, exclusive and desirable.

Although there is no clear definition of luxury brands, and there are increasing arguments about definition and scope, the most recognised definition is suggested by Dubois *et al.* (2001), who concluded that luxury was a combination of six facets: excellent quality, very high price, scarcity and uniqueness, aesthetics and poly-sensuality, ancestral heritage, personal history and superfluosity. Luxury products allow consumers to feel satisfied psychologically and meet their functional demands. It seems that these psychological benefits are the major factor distinguishing them from non-luxury goods, including counterfeits (Nia & Zaichkowsky, 2000). According to Kapferer and Bastien (2009, p. 95), luxury products provide consumers with an opportunity to develop a sense of individuality by emphasising: “I am the only person to own one” and “this excludes the other”. It enables the owner to be someone special or unique (Beverland, 2004).

Although most people can distinguish brands that they consider to be of luxury level, it is difficult to formulate a precise definition of the term (Kapferer, 2006). A similar situation is found in branding literature where, rather than build on previous contributions, researchers tend to introduce their own definitions, resulting in a proliferation (Kapferer, 2006).

#### **2.4.1 Defining Luxury Brands**

There are many definitions of luxury that connect with extravagance, prestige and elitism, but there are few definitions of luxury brands (Moore & Birtwistle, 2005). Beverland (2004) argues that most definitions fail to differentiate between a luxury product/brand and the wider concept of luxury. Kapferer (2004) and Kapferer and Bastien (2009) have been the only ones to focus on the luxury brand sector. Other academics have contributed to the understanding of the characteristics of luxury brands (Dubois & Duquesen, 1993a, 1993b; Dubois & Laurent, 1996; Dubois & Paternault, 1997; Vickers & Renand, 2003; Vigneron & Johnson, 2004). Key research by Moore and co-writers (e.g. Moore & Birtwistle, 2005;

Fionda & Moore, 2009), and by Beverland (2004) have, through the use of case studies in the luxury fashion and wine sectors, increased understanding of the dimensions of the specific brand management issues of luxury brands. These marketing scholars have focused their research on the traditional luxury sector, whereas recent researchers (e.g. Danziger, 2005; Silverstein & Fiske, 2005; Okonkow, 2007) have included explorations of the recently emerging phenomenon of affordable interpretations of luxury. On examining the many different definitions of luxury brands (Table 2.2), several conflicts emerge (Kapferer, 1997; Phau & Prendergast, 2000b; Vickers & Renand 2003; Mintel, 2004). One of the key reasons for this ambiguity is the subjectivity attached to the term “luxury” (Phau & Prendergast, 2000b).

Table 2.2 Definitions of Luxury Brands (in chronological order)

| Source(s)                                 | Definition   |
|---|--|
| Roux and Floch (1996, p. 17)              | <i>“the indissoluble interplay of an ethics – which involved the rejection of the total economical approach – and of aesthetics – that is a synaesthesia or consistency within all senses in order to communicate and share an emotion with the customer”</i>                            |
| Kapferer (1997, p. 252)                   | <i>“those brands that have constantly been able to justify a significantly higher price than the price of product with comparable tangible functions”.</i>   |
| Nueno and Quelch (1998, p. 62)            | <i>“... those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high”.</i>   |
| Phau and Prendergast (2000b, pp. 123-124) | <i>“... luxury brands compete on the ability to evoke exclusivity, a well known brand identity, [...] brand awareness and perceived quality”.</i>  |
| Mintel (2004)                             | <i>“... those whose price/quality relationship is the highest of the market”.</i>  |
| Danzigner (2005, p. 17)                   | <i>“... that which nobody needs but desires”.</i><br><i>“... it's more than an extra; luxury is more ‘more’”.</i>  |
| Knowledge@Wharton (2007, p. 1)            | <i>“What sets luxury brands apart is that they command a premium without clear functional advantage over their counterparts....consumption at its most hedonistic and seemingly irrational. Purchasing [is done] for the personal pleasure it provides, despite the financial cost”.</i> |

Source: Author

Luxury is an ambiguous concept. What is considered as luxury by one group, or in one country or one market sector, may be commonplace in others (Kapferer 1997b; Phau & Prendergast, 2000b). Kapferer (1998, p. 44) concluded that there can be no “single and homogeneous vision” of what a luxury brand is. In other words, no definition is able to adequately capture the concept entirely. Moreover, the concept of luxury is incredibly fluid and redefined dramatically across time and culture (Ian & Una, 2006). The recent trend whereby luxury goods have extended their range beyond their traditional target group has added further complication to defining the concept (Dubois & Laurent, 1996).

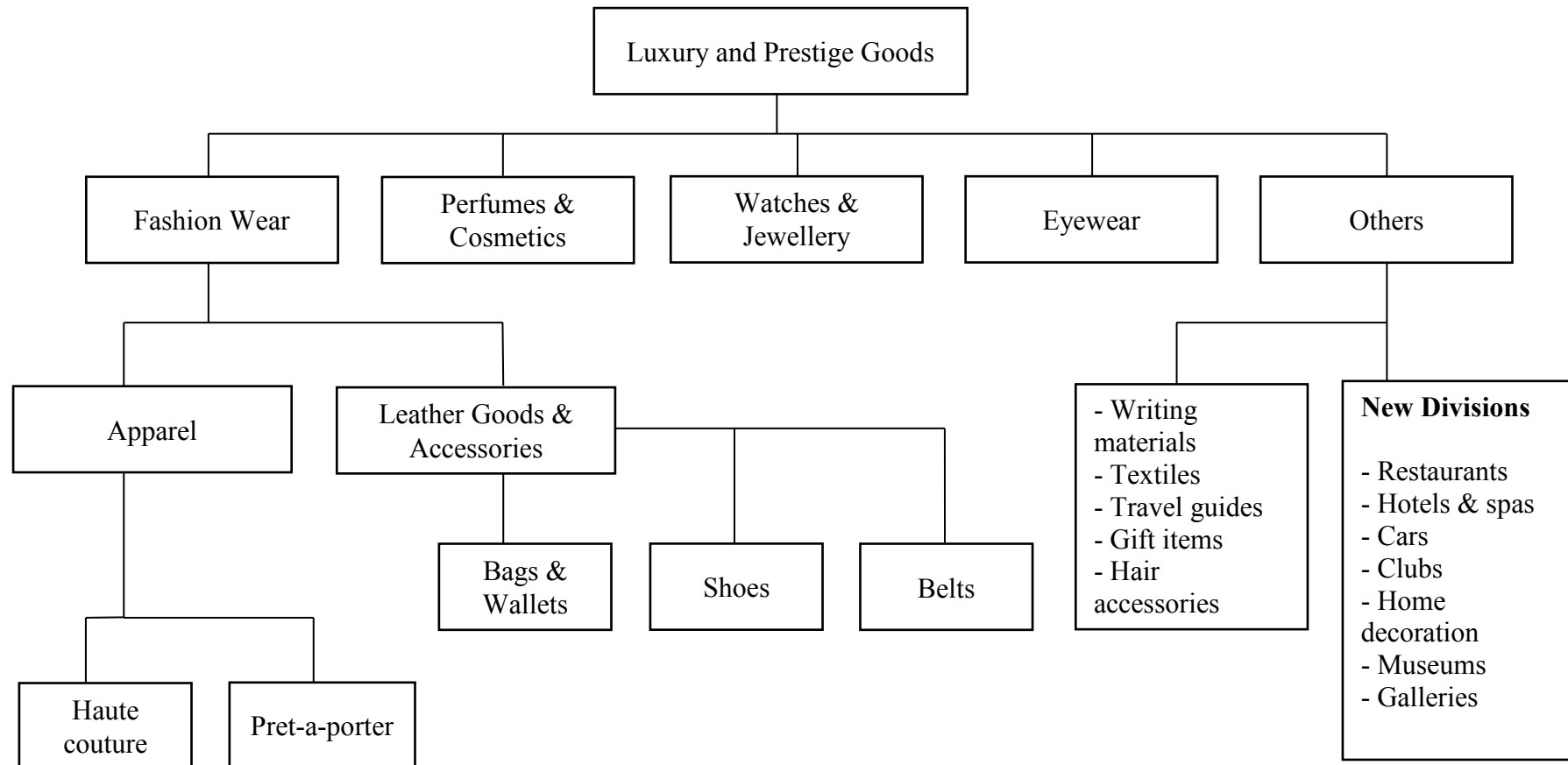
#### **2.4.2 Categories of Luxury Goods in the Study**

Probably due to the fact that luxury goods exist in almost all types of consumer product, Berry (1994) has categorised them into: Sustenance (food and drink), Shelter, Clothing (or apparel and accessories, including jewellery and perfume), and Leisure (various entertainments like holidays and sporting goods). Luxury brands also associated with specific product categories are identified by Jackson (2004): Fashion and Leather Goods, Watches and Jewellery, Perfumes and Cosmetics, Wines and Spirits, Selective and Other Retailing, and Other Businesses (often associated with the arts). Similarly, in Vigneron and Johnson's study (2004), luxury goods are classified as: Apparel, Accessories, Handbags, Shoes, Watches, Jewellery and Perfume. Mere use or display of particular branded products within these groups brings prestige to owners, apart from any functional utility.

In addition, Okonkwo (2007) categorised three distinct product groups within all luxury products: lower-priced luxury products (cosmetics and fragrance), medium-priced luxury products (restaurant and wristwatches), and expensive luxury products (leather goods, apparel, jewellery and hotels) (see Figure 2.3). While these six major categories broadly reflect the areas covered by the Louis Vuitton Moet Hennessy (LVMH) group, the current luxury market encompasses a much wider range, including houses, furniture and household goods, yachts, hotels and holidays (Lien, 2009). Therefore, there is now scope for luxury brands to be present in almost every market category (White, 2007).



Figure 2.3 The Major Luxury Fashion Product Divisions



Source: Okonkwo (2007, p. 131)

### 2.4.3 Classifying Luxury Brands

Since there is no consensus as to the definition of luxury brands, it is unsurprising that there similarly is no universal agreement on parameters of what actually constitutes a luxury brand. Various attempts have been made to classify luxury goods into a hierarchy of degrees of luxury, spawning a lexicon of terms in the process as illustrated in Table 2.3.

Table 2.3 Terms used to Classify Luxury Brands

| Source(s)                    | Classification terms used  |
|------------------------------|--|
| Nueno and Quelch (1998)      | <ul style="list-style-type: none"> <li>• <b>Traditional luxury brands</b> with distinctive characteristics (e.g. a recognizable style or design, a heritage of craftsmanship, a global reputation and an element of uniqueness to each product).</li> <li>• <b>Limited awareness brands</b> (from family businesses targeted at a narrow product line to an exclusive niche market).</li> <li>• <b>Well-known brands</b> which are either inaccessible to a large market because of premium price and which cannot be sampled, or are in categories which make affordable accessory items accessible to a broader market.</li> </ul> |
| Vigneron and Johnson (1999)  | Three levels of prestige, increasing from <b>upmarket brands</b> to <b>premium brands</b> to <b>luxury brands</b> .  |
| Alleres (2003)               | <ul style="list-style-type: none"> <li>• <b>Accessible luxury</b></li> <li>• <b>Middle luxury</b></li> <li>• <b>Inaccessible luxury</b> (excellent quality, scarcity and uniqueness, very high price, limited distribution with premium prices).</li> </ul>  |
| Kapferer (2004)              | <p>The first pyramid model for traditional European luxury brands:</p> <ul style="list-style-type: none"> <li>• <b>Griffe</b> (unique pieces, the result of pure creation) at the top of the pyramid.</li> <li>• <b>Luxury brands</b> in the middle (luxury brands produced in small series within a workshop involving hand craftsmanship, which is seen as the sole warrant of a good facture).</li> <li>• <b>Upper-range brands</b> at the base (factory produced, but the highest quality in the category).</li> </ul>   |
| Danziger (2005)              | <ul style="list-style-type: none"> <li>• <b>Old luxury</b> = iconic heritage luxury brands.</li> <li>• <b>New luxury</b> = not just more affordable luxury brands, but connects with a new consumer psychology that transcends the products or the thing being bought to reach a new level of enhanced experience, deeper meaning, richer enjoyment, more profound feelings.</li> </ul>  |
| Silverstein and Fiske (2005) | <p>Distinguished <b>superpremium</b> or <b>old luxury</b> products from <b>new luxury</b> goods further categorised into three major types:</p> <ul style="list-style-type: none"> <li>• <b>Accessible superpremium</b>, products are priced at or near the top of their category at a considerable premium over conventional products.</li> <li>• <b>Old luxury brand extensions</b>, are lower-priced versions of traditional luxury brands.</li> <li>• <b>Mass prestige</b> (“<i>masstige</i>”), are premium pricing but well below superpremium or old luxury.</li> </ul>  |
| Okonkwo (2007)               | <p>Two categories of luxury brands:</p> <ul style="list-style-type: none"> <li>• <b>Luxury and prestige brands</b> represent the highest level of craftsmanship and product quality with a loyal consumer base unaffected by trends.</li> <li>• <b>Premium brands</b>, (or ‘<i>mass-premium brands</i>’, ‘<i>aspirational brands</i>’, ‘<i>mass-luxury brands</i>’, ‘<i>designer brands</i>’, or ‘<i>high-end brands</i>’) aspire to become luxury and prestige brands, but target a luxury mass market.</li> </ul>  |

Subdivided into:

- **High premium brands** e.g. Calvin Klein, Longchamp.
- **Medium premium brands** e.g. Furla, Lacoste.
- **Low premium brands** e.g. Zara, H & M and Gap.

Source: Author

#### 2.4.4 The Dimensions of Luxury Brands

Different researchers have applied different approaches to define the dimensions of luxury brands, which are summarised in Table 2.4 below. A literature and secondary data search was conducted to identify published brand luxury studies occurring between early 1990 and 2012. This period reflects considerable development in brand luxury research, and as prestige and status have been used interchangeably with brand luxury, these were also included in the search (Miller & Mills, 2012b).

Table 2.4 Dimensions of Luxury Brands (in chronological order)

| Author(s)   | Luxury Brands   |
|---|---|
| Grossman and Shapiro (1988)                               | Luxury goods are traditionally defined as goods such that the mere use or display of a particular branded product brings the owner prestige apart from any functional utility.  |
| Dubois and Duquesne (1993b)                               | Luxury involves a desire to impress others, with the ability to pay particularly high prices and an ostentatious display of wealth.   |
| Kapferer (1997)   | Luxury brands include the attributes of quality, beauty, sensuality, exclusivity, history, high price and uniqueness.   |
| Nueno and Quelch (1998)                                   | A luxury product is a work of art designed for an exclusive market and is derived from the Latin word <i>luxus</i> , which means indulgence of the senses regardless of cost and differs to luxury brands, which are those brands whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high.                               |
| Phau and Prendergast (2000b)                              | Luxury brands evoke exclusivity, have a well-known brand identity, enjoy a high brand awareness and perceived quality and retain sales levels and customer loyalty.   |
| Dubois <i>et al.</i> (2001); Dubois and Paternault (1995) | Luxury has six elements of (1) excellent quality (2) high price (3) scarcity and uniqueness (4) aesthetics and polysensuality (5) ancestral heritage and personal history (6) superfluosity.  |
| Alleres (2003)  | The luxury brand has six elements: the creators of the brand, the locations, the creations, recognition symbols, history and the brand name.  |
| Vickers and Renand (2003)                                 | Luxury brands with primary functional dimensions are designed to solve extrinsic consumption needs that are related to the physical product. Experientialism is associated with a consumer's desire to consume products that provide sensory pleasure. Luxury goods scoring high on symbolic interactionism are designed to associate the owner with a desired group, role or self-image. |

|                                   |   |
|-----------------------------------|---|
| Jackson (2004)                    | A luxury fashion brand is characterised by exclusivity, premium prices, image and status, which combine to make them desirable for reasons other than function.   |
| Moore and Birtwistle (2004)       | Luxury fashion brands have iconic product and design with integrity, where the manufacturer has tight control over the product, endorsement, distribution and premium pricing.  |
| Vigneron and Johnson (2004, 1999) | A luxury brand is a form of a prestige brand as prestige brands have three levels: up-market, premium and luxury, and that the degree of luxury contained can be measured by conspicuousness, uniqueness, quality, hedonism and extended self.  |
| Wetlaufer (2004)                  | The significance of corporate identity, culture and spirit, as well as creative excellence is necessary in luxury brand development.  |
| Beverland (2005)                  | Attributes of authenticity such as heritage and pedigree, stylistic consistency, quality commitments, relationship to place, method of production and downplaying commercial considerations may be transferred to luxury brands.  |
| Prendergast and Wong (2005)       | Good quality and design are associated with luxury.   |
| Silverstein and Fiske (2005)      | Luxury has evolved to refer to products and services that possess higher levels of quality, taste and aspiration than other goods in the category but are not so expensive as to be out of reach.   |
| Bruce and Kartz (2007)            | Central of luxury products are desired products, which are authentic, exude quality and craftsmanship, exclusive, aspirational and timeless.  |
| Dumoulin (2007)                   | The expression of today's luxury is about a celebration of personal creativity, expressiveness, intelligence, fluidity and above all meaning.   |
| Okonkwo (2007)                    | Luxury brands are highly visible, have a distinct identity, a global reputation, emotional appeal, are innovative, creative, unique and appealing and constantly deliver premium quality, premium price with a tightly controlled distribution.   |
| Truong <i>et al.</i> (2008)       | The new luxury differs from the traditional luxury by being more affordable, more accessible and by targeting new consumers.  |
| Atwal and Williams (2009)         | Luxury has moved beyond the traditional to be experiential and experiential luxury marketing includes the dimensions of entertainment, education, escapism and aesthetic, which will vary in levels of consumer participation and connection with the brand.  |
| Berthon <i>et al.</i> (2009)      | Luxury is a conspicuous possession that is aesthetically pleasing that offers status to the individual and that may be enjoyed inconspicuously or conspicuously and has some degree of exclusivity or rarity and a social mystique, and encapsulates what a brand does (functional) and what a brand means to the individual (experiential) and to the collective (symbolic). |
| Fionda and Moore (2009)           | Luxury brand has nine components: (1) clear brand identity, (2) marketing communications, (3) product integrity, (4) design signature, (5) prestige price, (6) exclusivity, (7) heritage, (8) globally controlled distribution and (9) culture.   |
| Godey <i>et al.</i> (2009)        | Luxury goods are synonymous with selectivity if not exclusivity and that the definition and measurement of luxury are highly subjective.  |
| Husic and Cicic (2009)            | Significant positive influences of luxury brands are the brand image itself and quality.  |

|                             |  |
|-----------------------------|--|
| Juggessur and Cohen (2009)  | High-fashion brand is a term often synonymously used with prestige and luxury brands as being brands that hold considerable intangible worth and have enduring positive brand images deemed as being at the forefront of design, quality, status and fashion.  |
| Kapferer and Bastien (2009) | Luxury brand has two facets; indulging in one's pleasures (luxury for one's self) and demonstration of success (luxury for others) and that when it comes to luxury, being unique is what counts.  |
| Keller (2009)               | Luxury brand has ten characteristics: (1) maintaining a premium image, (2) creation of intangible brand associations, (3) aligned with quality, (4) tangible elements like logos, symbols and packaging design, (5) secondary associations with linked personalities or endorsers, (6) controlled distribution, (7) premium pricing, (8) careful management, (9) broad definition and (10) legal protection of trademarks. |
| Kim <i>et al.</i> (2009)    | The luxury brand is the highest level of prestige brands encompassing several physical and psychological values, such as perceived conspicuous value, unique value, social value, hedonic value and quality value.   |
| Tynan <i>et al.</i> (2010)  | Luxury is a one end of a continuum with ordinary, so where ordinary ends and luxury starts is a matter of degree as judged by consumers.   |
| Miller and Mills (2012a)    | Luxury includes two levels of representation. The first is material, it includes/understands the product and the brand (its history, identity, unique know how, talent). The second level is psychological and covers representations, which are influenced by our social environmental and brand values.  |

Source: Author

Central to luxury products is the notion of coveted products, which are authentic, of excellent quality and craftsmanship, exclusive, aspirational and timeless (Bruce & Kartz, 2007). For instance, waiting lists for certain items reinforce the exclusivity and rarity value of luxury, such as a two-year waiting list for a Hermes "Kelly" handbag.

Phau and Prenderhast (2000b) proposed four central features of a luxury brand as follows: perceived exclusivity, well recognised brand identity, high levels of brand awareness, and strong sale and customer patronage. Compared with these four dimensions, Dubois *et al.* (2001) have identified six elements of luxury: excellent quality, high price, scarcity and uniqueness, aesthetics and polysensuality, ancestral heritage and personal history, and superfluousness. Similarly, Beverland (2004) provides a model of a luxury branding which identifies and unites six component dimensions: brand heritage (history/culture), product quality, credibility and excellence (product integrity), personality and consumer group support (endorsements), brand image investments (marketing) (Vigeneron & Johnson, 1999), and value-driven emergence (Beverland, 2004).

The findings of Vickers and Renand (2003) identified differences between luxury and non-luxury goods on the basis of functional, experiential and interactional symbolic dimensions. They have concluded that “the primary value of luxury products is psychological, and their consumption is dependent upon a distinctive mix of social and individual cues” (Vickers & Renand, 2003, p. 473). More significantly, they remark that luxury goods are higher in the psychological, social and symbolic dimensions, while non-luxury goods score higher in the functional dimension. According to Vickers and Renand (2003), the symbolic dimension is what enables luxury brands to maintain their status and continue to command a premium price.

In 2004, Vigneron and Johnson noted that the perceived luxury levels of particular brands vary among consumers due to differing cultural and psychographic characteristics. They created a scale reflecting five perceived luxury dimensions: conspicuousness, uniqueness, extended self, hedonism and quality. Therefore, there is a consensus in the luxury branding literature that luxury products typically command a premium price when compared with other goods within the same category (Kapferer, 2008). The components of rarity and exclusivity are considered a significant trait of luxury brands (Dubois & Duquesne, 1993b; Berry, 1994; Dubois & Paternault, 1995; Nueno & Quelch, 1998; Kapferer, 2008).

#### 2.4.5 The Distinction between Fast-Moving Consumer Goods and Luxury Goods

Dall’Olmo Riley *et al.* (2004) have examined sets of major papers on branding literature to identify the characteristics that distinguish luxury goods from fast-moving consumer goods (hereafter FMCG) (see Table 2.5 below). Luxury brands clearly focus on the symbolic dimensions of brand image of which exclusivity and status are pre-eminent.

Table 2.5 Comparison of Fast-Moving and Luxury Goods Characteristics

| Fast-Moving Consumer Goods         |                       | Luxury Goods           |                                    |
|------------------------------------|-----------------------|------------------------|------------------------------------|
| Dibb <i>et al.</i> (2001)          | Address a mass market | Target a niche market  | Phau & Prendergast (2000b)         |
| Dibb <i>et al.</i> (2001)          | Mass distribution     | Exclusive distribution | Kapferer (1997)                    |
| Vickers and Renand (2003)          | Functionality         | Symbolism              | Vickers and Renand (2003)          |
| Gronroos (1994)                    | Purchase transaction  | After-care service     | Dall’Olmo Riley and Lacroix (2003) |
| Nueno and Quelch (1998)            | Price focus           | Status focus           | Nueno and Quelch (1998)            |
| De Chernatony and MacDonald (2003) | Technology, R&D       | Craftsmanship          | Kapferer (1998)                    |
|                                    |                       | Founder’s heritage     | Kapferer (1997)                    |

Source: Adapted from Dall’Olmo Riley *et al.* (2004, p. 42)

Table 2.5 indicates that, although competitive value remains important, price is not the prime issue for consumers attracted by status symbols. This is a major difference between the mass consumer group who purchases FMCG, and the minority population who purchases luxury goods (Dall'Omo Riley *et al.*, 2004). While consumers of FMCG may be influenced by the brand and its associations, they will usually give priority to functionality and price. Conversely, purchasers of luxury goods are influenced primarily by brand and status, while functionality is assumed. Another key differentiator between FMCG and luxury goods is that FMCG addresses mass consumer markets (Dibb *et al.*, 2001). Kapferer (1997) emphasised that luxury brands must be desired by all, but consumed by only a few individuals. Compared with FMCG, the luxury goods sales target is aimed at a relatively small group of consumers with a high disposable income (Phau & Prendergast, 2000). Therefore, an essential element of luxury brands is their desirability and inaccessibility (Kapferer, 1998).

In terms of more detailed typologies, there is a lack of consistency in the branding literature regarding the key dimensions of luxury brands. A number of different typologies and models have been proposed in the academic literature (Appendix A). Kapferer (1998), Vigneron and Johnson (2004) and Dubois *et al.* (2001) have all used a consumer behaviour approach to enhance understanding of the relationship between luxury brands and consumers. The dimensions identified from these studies define the image that consumers have of luxury brands. Also, recognising high quality and exclusiveness as differentiating factors, the importance of luxury brands as symbols of conspicuous consumption and their hedonistic benefits is evident.

#### **2.4.6 Definition of Luxury Brands in the Study**

Based on the discussion in this section on luxury brands, in the same way that understanding of brands has changed in line with changes in the marketplace, defining luxury brands is also an evolving process and the terminology used to describe luxury brands is diverse and confusing. From the perspective of the appeal of international luxury goods, it can be viewed as a result of their perceived premium quality, recognisable style, reputation and/or limited accessibility. In the perception of the owners and others, these features signify emotional, experiential and/or symbolic values (Nueno & Quelch, 1998; Vigneron & Johnson, 1999; Chadha & Husband, 2007; Smith & Colgate, 2007; Berthon *et al.*, 2009; Wiedmann *et al.*, 2009). Because of these attributes, luxury brands as

possessions help to shape the owner's identity by bridging the gap between the inner self and external world (Belk, 1988; Jenkins, 2004).

By considering the attributes stated above and the definitions by Nueno and Quelch (1998), Vigneron and Johnson (1999), Kapferer (2004), Okonkwo (2007), Berthon *et al.* (2009) and Han *et al.* (2010), a luxury brand in this study is defined as a branded product that has craftsmanship, is unique, has a premium and is conspicuous. Premium and craftsmanship represent a high level of prestige and, as such, these items are priced at a significant premium over conventional brands. Combining the four terms – craftsmanship-unique-premium-conspicuous – is more appropriate as a general descriptor for Western luxury brands comprising high price, exclusivity, high quality, heritage and craftsmanship; these differentiate them from FMCG. In this research it has focused on those luxury brands that are also well known internationally.

## **2.5 Conceptualisation of Commitment**

Commitment has been examined from various perspectives. In this section, social psychology and organisational behaviour literature is examined and reviewed. Also included is literature relevant to brand commitment from product and services marketing literature on loyalty and involvement, and exchange and relationship marketing (Rusbult, 1983; Dwyer *et al.*, 1987; Moorman *et al.*, 1992; Morgan & Hunt, 1994; Sirdeshmukh *et al.*, 2002; Hess & Story, 2005; Sung & Campbell, 2009).

Central to any enduring relationship is the construct of commitment (Sung & Choi, 2010). In the social exchange literature, commitment represents an individual's long-standing orientation toward a relationship, including intent to persist and a feeling of psychological attachment (Rusbult, 1983). Rusbult and Buunk (1993) strongly uphold Rusbult's (1983) viewpoint: that the commitment is a psychological state that globally represents the experience of dependence on a relationship and denotes a long-term orientation including a feeling of attachment to a relational partner and a desire to maintain that relationship. Commitment to a relationship has been revealed to predict reliably voluntary continuance in the relationship (Sung & Choi, 2010). Commitment has become a focal issue in marketing as relationship building and maintenance in the increasingly competitive marketplace is considered essential to long-term, successful relationships (Gundlach *et al.*, 1995).



In the field of marketing, the concept of commitment has been considered in many areas, including consumer behaviour (Bodet, 2005), which has resulted in many definitions. Yet none so far has been universally accepted (Louis & Lombart, 2010). For instance, Morgan and Hunt (1994) believed that the relational commitment – when an exchange partner determines that a current relationship with another is important enough to deserve as much effort as possible to maintain it – is crucial. In line with this, the committed party believes that it is worthwhile to work on the relationship to ensure it goes on in the long term. Bozzo *et al.* (2003) indicated that the committed consumer will be prepared to make short-term sacrifices to protect the durability of his/her long-term consumption.

Originating from human relationship literature, the construct of commitment has been adopted to predict relationship continuance or termination mainly in business-to-business marketing contexts. Relationship commitment was conceptualised as an enduring desire to maintain a valued relationship (Moorman *et al.*, 1992). Morgan and Hunt (1994) have recognised that trust and commitment are crucial variables that encourage the exchange network: (1) to work at preserving the relationship, (2) to avoid alternative relationships with other partners, and (3) to reduce the perception of risk in the environment. However, Gundlach *et al.* (1995) argued this three-part relational construct can be very complex and overlapping, but they do view commitment as necessary to a long-term, successful relationship. Following this argument, brand commitment would help to reduce the uncertainty and so save a customer the cost in time of seeking a new relational exchange with another brand (Chaudhuri & Holbrook, 2002). Indeed, there is a general agreement that commitment is best regarded as a mediating construct that is derived from factors such as trust and affect, and these directly influence subsequent customer behaviour (Dwyer *et al.*, 1987). Therefore, brand commitment is a distinct construct that provides added value because it leads to a higher, sustainable level of loyalty (Park *et al.*, 2010).

### **2.5.1 Defining Commitment**

Commitment is the most common dependent variable used in buyer-seller relationship studies (Dwyer *et al.*, 1987; Moorman *et al.*, 1992). Commitment is the desire to continue the relationship and to work to ensure its continuance. In both the marketing literature and practice, it is agreed that mutual commitment among partners in business relationships produces significant benefits for companies. Although there are several conceptualisations of commitment that have been used in the literature, each reflects one of three general

themes: affective attachment, perceived costs and obligation, which are branded as affective commitment, calculative commitment and normative commitment (Meyer & Allen, 1991).

The perspective that comes closest to one that could be operational in a marketing context is the social psychology perspective. Barnes (1994) has indicated that social psychologists have a greater understanding of the essential elements of relationships. From the social psychology perspective, beginning with Kiesler (1977) – who preceded and formed most theory on commitment– is a good starting point for examining the construct. Brand commitment is another line of research closely related to consumer-brand relationship. In the domain of consumer behaviour, commitment is defined as “pledging or binding of an individual to his/her brand choice within a product class” (Lastovicka & Gardner, 1978, p. 90). It reflects the degree to which a brand is firmly entrenched as the only acceptable choice within a product class (Traylor, 1981).

Over time, commitment has proceeded from a behaviourist perspective to unidimensional attitude conceptualisations (named weak and strong commitment) which emphasise the strength and/or consistency of attitudes (Debling, 2006). Commitment has been viewed as the attitudinal or psychological (when it means evaluative or decision-making), rather than the behavioural (when it means part of loyalty) (Jacoby & Chestnut, 1978; Hennig-Thuray *et al.*, 2002; Bansal *et al.*, 2004). It has also been conceptualised as multidimensional in perspectives (Meyer & Allen, 1997; Gruen *et al.*, 2000; Harrion-Walker, 2001; Chaudhuri & Holbrook, 2002). Commitment can be incorporated in both behavioural and attitudinal measures.

A classical multidimensional approach is taken from Allen and Meyer’s (1990) three-component model of organisational commitment in the employee-organisational literature. Affective commitment refers to a desire-based attachment to the organisation. Continuance commitment refers to a cost-based attachment where an employee feels he or she has to stay with the organisation. Normative commitment indicates an obligation-based attachment to the organisation. These have been succinctly summarised as *wanting* (affective commitment), *needing* (continuance commitment), and *being obliged* (normative commitment) to stay with the organisation (Bergman, 2006). Allen and Meyer (1990) developed the affective commitment scales, continuance commitment scales and normative commitment scales to measure these components.

## 2.5.2 Defining Brand Commitment

Marketing and consumer behaviour literature recognises that brand commitment has been identified as a significant construct for customer relationship management and as the core component of relationship marketing (Sirdeshmukh *et al.*, 2002; Hess & Story, 2005; Sung & Campbell, 2009). Brand commitment has received significant attention in recent years from marketing scholars who have borrowed the Allen and Meyer (1990) three-component model of organisational commitment from organisational behaviour and applied it in a marketing context (Fullerton, 2003; Bansal *et al.*, 2004; Sung & Choi, 2010).

In the business-to-business relationship context, brand commitment has been defined as “an enduring desire to maintain a valued relationship” (Moorman *et al.*, 1992, p. 316) and “a tendency to resist change” (Pritchard *et al.*, 1999, p. 341). Berry and Parasuraman (1991, p. 139) also stressed that “relationships are built on the foundation of mutual commitment”. Furthermore, in the context of consumer behaviours, brand commitment is demonstrated as an emotional or psychological attachment to the brand entity (Fournier, 1998; Raju *et al.*, 2009a). Consumers who are emotionally attached to a brand are also likely to have a favourable attitude toward it. Similarly, Chaudhuri and Holbrook (2002) indicated that brand commitment was defined as a regular consumer’s long-term behavioural and attitudinal disposition toward a brand. Brand commitment can be considered to occur when both attitudinal devotion to the brand and brand purchasing intentions are present.

Definitions from the organisational and relational exchange marketing literature tend to highlight the effort made by two parties to interact and continue a valued relationship. These definitions are not as appropriate for this study in the context of Western luxury brands in China, as definitions based on the brand-customer relationship, which focus on the individual’s behaviour and attitudes, stem partly from social psychology. The definition used here is that brand commitment is an average consumer’s long-term, behavioural and attitudinal disposition toward a brand in the luxury brands sector (Chaudhuri & Holbrook, 2002; Sung & Campbell, 2009).

From the perspective of consumer-brand exchange relationships, brand trust, brand affect and brand commitment are highly relevant constructs to the relationship-marketing literature, which considers trust and commitment to be key mediating variables in relational exchanges (Morgan & Hunt, 1994). For example, studies by Morgan and Hunt

(1994), Fournier (1998), Garbarino and Johnson (1999), and Punniyamoorthy and Raj (2007) all illustrated the importance of trust in developing positive and favourable attitudes which resulted in a commitment to a certain brand as the maximum expression of a successful relationship between the consumer and the brand.

### **2.5.3 Distinguishing between Brand Commitment and Brand Loyalty**

Brand commitment is highly associated with brand loyalty (Kim *et al.*, 2008). Some researchers argue that it is a necessary and sufficient condition for brand loyalty (Knox & Walker, 2001). Marketing scholars have used brand commitment as an element of brand loyalty measurement (Bloemer & Kasper, 1995), rather than a distinct and antecedent construct. Jacoby and Chestnut (1978) are the first researchers to have gone beyond a simple description of the concept and constructed the psychological definition of brand loyalty in an effort to distinguish it from behavioural meanings. They have developed a definition that brand loyalty is a biased (i.e. non-random) behavioural response (i.e. purchase) expressed over time to one brand from a set of brands by a consumer using a deliberate evaluation process. Brand loyalty is commonly perceived as having two dimensions: behavioural and attitudinal (Uncles *et al.*, 2003; Taylor *et al.*, 2004; Li *et al.*, 2008). They suggest that combining both attitudes and behaviours more adequately capture the reality of brand loyalty.

However, brand commitment has been viewed as an antecedent of brand loyalty behaviour (Kim *et al.*, 2008). For example, brand loyalty implies a behavioural dimension, whereas brand commitment suggests an attitudinal dimension (Assael, 1998; Debling, 1998; Warrington & Shim, 2000). More recently, Avichai (2012) suggested that brand commitment is an attitudinal dimension of brand loyalty in the consumer consumption context. Furthermore, Knox and Walker (2003) and Raju *et al.* (2009b) have adopted three brand loyalty items<sup>4</sup> to measure commitment construct. A similar scale of commitment was used by Walsh *et al.* (2010) to investigate the role of commitment on the effect of the brand logo on brand equity, and by Eisingerich and Rubera (2010) to study commitment to cross-national brands. Aaker *et al.* (2004) used a six-item<sup>5</sup> different scale that also represents loyalty. However, this scale was categorised as a brand loyalty scale and not as

---

<sup>4</sup> (1) If (brand) were not available at the store, it would make little difference to me if I had to choose another brand; (2) I can see myself as being loyalty to (brand); (3) I will more likely purchase a brand that is on sale than (brand) (Raju *et al.*, 2009a, p. 854).

<sup>5</sup> From 'I am very loyal...' to 'I am likely to be using (the brand) one year from now'.

a commitment scale (Bruner & Hensel, 1992). Despite the different measurements, it seems that the commitment perspective represents emotional loyalty or emotional attachment to the brand.

Wilson (1995) defined commitment as the desire to continue the relationship and to work to ensure its continuance. This definition stems from the Kanter (1969) sociological definition of commitment as the desire to stay in a relationship and the valuation of the cost of leaving it. Whereas loyalty is considered to have attitudinal and behavioural components based on past experience, commitment is to do with the future (Ganesan, 1994). Brand commitment, therefore, might be distinguishable from brand loyalty by its effect on future intentions. Brand loyalty is a predictive measure, based mainly on past behaviour (Ganesan, 1994). Quester and Lim (2003) argued that brand-loyal consumers who repeatedly purchase the brand without conscious preference are likely to switch to an alternative brand, whereas brand-committed consumers will not. Commitment is deeply rooted and personal. It is difficult to change an individual's attitude toward a brand to which he or she is committed (Raju *et al.*, 2009a). Brand commitment is deeper than brand loyalty (repeat purchase) (Lacey, 2007; Ogba & Tan, 2009). Therefore, brand commitment is a better indicator (Mitchell, 1998) of consumer behaviour in relation to brand choice and is the variable of interest in this research.

#### **2.5.4 Components of Brand Commitment**

In the marketing literature, brand commitment is looked at through a single dimensional, attitudinal perspective on commitment. It is defined as an emotional or affective attachment to a brand (Bloemer & Kasper, 1995; Kim *et al.*, 2008). It is considered an attitudinal concept more than a behavioural one. However, in organisational behaviour, commitment is a unidimensional concept, a mainly affective commitment. Cook and Wall (1990) defined commitment as a strong belief in, and acceptance of, the organisation's goal and values, a willingness to exert considerable effort on behalf of the organisation and a strong desire to maintain membership in the organisation. Therefore, affective commitment comprises three components: identification, involvement and loyalty. Many scholars have criticised the unidimensional perspective, viewing commitment as having two components in the construct, including affective and continuance commitment (Mathieu & Zajac, 1990; Fullerton, 2005; Evanschitzky *et al.*, 2006; Louis & Lombart, 2010), or three components (Allen & Meyer, 1990). For example, Gilliland and Bello (2002) and Fullerton (2003)

adopted affective components and continuance components in the customer commitment research.

#### **2.5.4.1 Affective Commitment**

Commitment, in studies of marketing relationships, is typically conceptualised as affective commitment (Gilliland & Bello, 2002; Fullerton, 2005). Allen and Meyer (1990, p. 2) define affective commitment as “a person’s emotional attachment to, identification with, and involvement in the organisation”. Affective commitment is based on a sense of “liking” and emotional attachment to the partnership. Affective commitment is a hotter, or more emotional, factor that develops through the degree of reciprocity or personal involvement that a customer has with a company, and which results in a higher level of trust and commitment (Gustafsson *et al.*, 2005). Thus, an individual with strong affective commitment remains with a specific organisation because they have strong emotional attachment to the organisation.

Affective commitment is rooted in shared values, identification and attachment (Gruen *et al.*, 2000; Fullerton, 2003; Bansal *et al.*, 2004). Affective commitment motivation to be in a long-term relationship contributes to feelings of attachment and identification with the brand (Fullerton, 2003). Such feelings also contribute to a partnership relationship between an individual consumer and a specific brand (Fournier, 1998). The immediate resulting impact of these feelings is on consumer patronage of the brand (Evanschitzky *et al.*, 2006). Consumers trust and enjoy doing business with a partner when they are affectively committed to that partner. Consumers form a relationship with the brands they consume (Fournier, 1998). Affective commitment is at the heart of these relationships, although there have been few definitive studies of the role that customer commitment plays in the consumer-brand relationship (Coulter *et al.*, 2003).

Affective commitment would lie at the heart of a consumer-brand relationship because consumers come to identify with and be involved with many of the brands they regularly consume (Fournier, 1998). Affective commitment explains the process whereby a consumer is loyal (Fullerton, 1996). More specifically, it is presumed that a customer is loyal because s/he has a favourable attitude toward the Western luxury brand and is also a frequent purchaser of that brand. This research extends Allen and Meyer’s (1990) concept of affective commitment to the Western luxury brands purchasing behaviour. Therefore,

affective commitment is an individual Chinese customer's emotional attachment to a specific luxury brand based on his or her identification with the brand. In this case, customers with strong commitment identify, trust and are more emotionally connected with the Western luxury brand than do non-committed customers.

Extant researchers suggest that affective commitment is most effective for developing and maintaining a mutually beneficial relationship between partners (Kumar *et al.*, 1994). Affective commitment has strong positive influences on the intention to stay in a relationship, desire to stay in a relationship, performance and willingness to invest in a relationship (Wetzels *et al.*, 1998). In addition, affective commitment has strong negative influences on the development of alternatives for a relationship and opportunistic behaviour. Continuance commitment, in contrast, has positive influences on the development of alternatives and opportunism (Wetzels *et al.*, 1998). For example, Wetzels *et al.* (1998) have identified the antecedents and consequences of commitment. They found that both affective commitment and continuance commitment influence the intentions to stay with a service. Furthermore, the findings also indicated that more affectively committed partners show a stronger intention to stay than customers who feel more continuingly committed. The latter type of commitment is positively, though weakly, related to the intention to stay, since continuance commitment has positive influences on the development of alternatives and opportunism (Kumar *et al.*, 1994). In continuance commitment, there is no indication that relationship norms or other pro-social behaviours exist between two parties. In fact, without a relational bond to tie the partners, they would be willing to terminate the relationship at any time for an alternative whenever possible. However, affective commitment has strong positive influences on the intention or desire to stay in a relationship and willingness to invest in a relationship (Kumar *et al.*, 1994). Affective commitment provides resistance to counter-persuasion from competitors; a long-lasting profitable relationship will not exist without affective commitment (Dick & Basu, 1994; Oliver, 1999).

#### **2.5.4.2 Continuance Commitment**

Continuance commitment is an increasingly well-studied construct in relationship marketing (Gruen *et al.*, 2000; Harrion-Walker, 2001; Gilliland & Bello, 2002; Fullerton, 2003; Bansal *et al.*, 2004; Evanschitzky *et al.*, 2006). Continuance commitment is the colder, or more rational, economic-based dependence on product benefits due to a lack of

choice or switching costs (Dwyer *et al.*, 1987; Anderson & Weitz, 1992; Hackett *et al.*, 1994). This view understands commitment as being more behavioural than affective (Wetzels *et al.*, 1998). Geyskens *et al.* (1996, p. 304) define commitment as the perceived need to “maintain a relationship given the significant anticipated termination or switching costs associated with leaving”. It is rooted in a scarcity of alternatives and the cost of changing (Allen & Meyer, 1990; Louis & Lombart, 2010). When consumers experience continuance commitment they are bound to their relational partner because it is difficult to get out of the relationship or they perceive few alternatives outside the existing relationship. Based on the consumer’s consumption context, the consumer may not be directly able to manipulate his/her level of continuance commitment (Evanschitzky *et al.*, 2006). For example, continuance commitment may result from scarcity of alternatives. That is, the consumer’s desire to maintain a long-term relationship with the brand may be due more to the fact that competing alternatives are simply not available. Such a commitment builds from cost-based calculations, and results in commitment not because the customer feels that he/she truly wants to engage in a long-term relationship, but because of a need to stay in the long-term relationship when no other comparable alternatives exist or the costs of switching to other options are too high (Meyer & Allen, 1997).

Continuance commitment is a feature of consumer-brand relationship (Fullerton, 2005). Consumers regularly adopt brands because they find the features of the brand suit their own self-constructed personality (Aaker, 1997). Brands are rich with cultural meaning that become attached to the consumer through the act of using and consuming (Holt, 2003). If the consumer switches brands, both the personality fit and culture fit benefits are lost. In the case of Chinese consumers’ attitude toward Western luxury brands, this can be influenced by personality factors such as value consciousness, novelty-seeking and status consumption (Phau & Teah, 2009). Consumers may use luxury brands to classify or distinguish themselves to others, but they may also try to integrate the symbolic meaning into their own identity (Vigneron & Johnson, 2004; Turunen & Laaksonen, 2011). If they change luxury brands, there could be lost prestige and image benefits. The potential loss of something that is valuable to the consumer is a key feature of continuance commitment in a marketing relationship (Fullerton, 2003; 2005). Consumers may also feel dependent on the brands they consume. A good example of this has been demonstrated in a study of Wallendorf and Arnould (1991) regarding Thanksgiving ceremonies in which many consumers reported that the celebration was incomplete without a particular traditional product (a whole stuffed turkey).



#### 2.5.4.3 Normative Commitment

Lastly is normative commitment. It refers to the employee's feelings of obligation to stay with the organisation (Allen & Meyer, 1990). In contrast to affective commitment and continuance commitment, normative commitment focuses on the right or moral thing to do (Allen & Meyer, 1990). Normative commitment concentrates on the obligation and/or moral attachment of people produced by socialisation to the organisation's goals and values (Weiner, 1982; Allen & Meyer, 1990).

Normative commitment is originally from the work of Weiner (1982) on the internalisation of norms about loyalty to organisations. Later, normative commitment developed a theme of obligation to stay with the organisation, without specific reference to social pressures about loyalty (Allen & Meyer, 1996). The core nature of normative commitment is the employee's sense of obligation (Bergman, 2006). Normative commitment, derived from organisational psychology research, is indeed less relevant when studying the existing relationship between a brand and a consumer (Fullerton, 2005). In the marketing literature on loyalty, however, there is little evidence of an empirical exploration of whether customers remain with a firm because they think they ought to or think it is the right thing to do (Allen & Meyer, 1990). Both Gustafsson *et al.* (2005) and Louis and Lombart (2010) queried a normative component probably because in marketing there are no norms of obligation to continue to use the brand. Since there is an absence of resources invested by organisations in training the Chinese consumers who would then feel a moral obligation to make an effort and stay with the organisation, relational aspects of the exchange such as a sense of obligation to the organisation may have very little effect on consumer behaviour.

By applying the results from different existing research, such as Keh and Xie (2009), research has been conducted based on business-to-business service firms in the Chinese context. Results indicate that there is a strongly positive relationship between commitment and purchase intention and willingness to pay a premium price. Although the available literature has identified that commitment is an essential ingredient for a successful long-term relationship in an on-line environment and business-to-business context, very little research has demonstrated how emotional and cognitive antecedents may interfere with future buying behaviour toward luxury brands in the Chinese context. That is, there is a lack of empirical evidence for introducing affective commitment and continuance commitment into the luxury brand consumption marketing literature. Consequently, the

questions about the different effects of commitment on luxury brands relational buying behaviour outcomes remain to be answered. The following four sections review relevant literature pertaining to the antecedents of brand commitment.

## **2.6 Defining Brand Affect**

There has been a substantial increase in the investigation of affect and its role in marketing since the early 1980s (Erevelles, 1998; Agarwal & Malhotra, 2005). Brand affect has been illustrated as an umbrella for a range of more specific mental processes, including moods, emotions and attitudes (Bagozzi *et al.*, 1999). Therefore, affect might be considered a general category for mental feeling processes, rather than a particular psychological process. Oliver (1997) explored the role of brand affect in general in models of customer satisfaction. The findings of Kim *et al.* (1998) showed that brand affect can impact on consumer attitudes, despite the lack of product beliefs. Mattila and Enz (2002) present findings identifying that customers' evaluation of service encounters correlate highly with their displayed emotions during the interaction as well as post-encounter mood states. Bagozzi *et al.* (1999) provide a discussion of the role of emotions in marketing that helps frame the incorporation of affect in the current research. These researchers assert that emotions are ubiquitous throughout marketing studies. They are known to influence information processing, measure the effects of marketing stimuli, enact goal-directing behaviour and serve as ends and measures of consumer welfare. However, Taylor *et al.* (2004) speculate that the role of emotions in marketing exchanges and relationships has been neglected by those researchers.

The term "affect" usually refers to valence feeling states and emotions (Erevelles, 1998; Matzler *et al.*, 2006). Emotion and mood are instances of this state. According to Oatley and Johnson-Larid (1987, p. 35), emotions are evoked "at a significant juncture of a plan ... typically ... when the evaluation (conscious and unconscious) of the likely success of a plan changes". Emotions are responses to causal-specific stimuli that are generally intense and more enduring, particularly if emotional traces are retrieved and stockpiled (Cohen & Areni, 1991). Feeling (mood) is responsive to causal-specific stimuli as well, yet less intense and more temporary (Erevelles, 1998; Agarwal & Malhotra, 2005).

Bagozzi *et al.* (1999) state that positive emotions (happiness or joy) are associated with the attainment of a goal, which usually leads to a decision to continue with the plan, whereas

negative emotions (frustration or disappointment) result from problems with on-going plans and failures to achieve desired goals. In the case of behaviour toward purchasing luxury brands, emotional appeal connects with the consumer's conscious (subconscious), sensitivity, intelligence and personality (Okonkwo, 2007). This implies an intimate relationship and a special bond between luxury brands and their consumer. Bagozzi *et al.* (1999) identified a mood as being longer lasting (from a few hours up to days) and lower in intensity than an emotion. In a retail environment, mood played a role only when consumers were more, rather than less, involved in the shopping experience (Swinyard, 1993). For example, a good mood caused involved consumers to evaluate their shopping experience more favourably than those in a bad mood. Attitude is distinguished from affect in that attitude is an evaluative judgement based on cognitive beliefs and its evaluative aspect (Agarwal & Malhotra, 2005), whereas affect is a valenced feeling state (Cohen & Areni, 1991).

A number of studies found that affect serves as an incremental and/or predictor of consumer behaviour. For example, the studies of Hirschman and Holbrook (1982), Holbrook and Hirschman (1982) and Erevelles (1998) found that brand affect serves as a primary predictor of consumer behaviour. Several marketing scholars refer to Wright's affect referral hypothesis in 1975, which suggested that in the process of making brand choices, consumers habitually do not apply any specific attribute information, but simply choose the brand for which the retrieved affect is most positive. He commented that this may be because affect referral processes require very low levels of effort. Later, Erevelles (1998) argued that affect referral (Wright, 1975) is unclear if the term affect refers to emotion and feelings or to overall summary attitudes.

In the context of branding, consumers have many different associations with a brand; one category of associations is brand affect (Matzler *et al.*, 2006). Brand affect can be considered as a consumer's totally favourable or unfavourable evaluation of the brand (Keller, 1993; Bhat & Reddy, 2001). Kim *et al.* (1998) present results suggesting that affect can influence consumer attitudes even in the absence of product beliefs. Chaudhuri and Holbrook (2002) define brand affect as a brand's potential to evoke a positive emotional response from the average consumer as an outcome of its use. Both concept of brand affect and brand commitment refers to subjective, emotional aspects of consumer behaviour. Concerning their relationship, it can be expected that the higher the pleasure potential of a product, the greater its potential to elicit positive emotional response from a

consumer. Furthermore, Gundlach *et al.* (1995) indicated that brand commitment is related to positive affect, and while it may restrain exploring other alternatives in the short-term, solid customer benefits can probably be accumulated from such affective connection in the long-term. In particular, Gundlach *et al.* (1995) view such a relationship or “affective attachment” to be most beneficial in uncertain environments. Development of brand affect is more spontaneous, more immediate and less deliberately reasoned in nature, whereas brand trust involves a process that is well thought out and carefully considered (Chaudhuri & Holbrook, 2001).

In this study, the author expects that there exists a positive relationship between brand affect and brand commitment which can be predicated on the links between positive emotional feelings and close interpersonal association. Researchers have proposed that the close relationship of a brand with its consumers tends to reflect the degree of positive affect created by the brand. Mattila (2006) indicates affective commitment as an emotional attachment to guarantee repeat purchase. As a result, strongly and positively affective reactions will be associated with a high level of brand commitment. Consider, for example, a Chinese customer who patronises only one Western luxury outlet to purchase a specific luxury brand. In this scenario, a customer might have developed strong emotional ties with the luxury brand or with its products. This brand affect leads to greater commitment in the form of affective commitment and willingness not only to repurchase the luxury brand, but also to pay a premium price for the pleasure involved. The author considers using Chaudhuri and Holbrook’s (2002) definition of brand affect in this research: brand affect represents a brand’s potential to evoke a positive emotional response from the average consumer as an outcome of its use.

### **2.6.1 Effect of Brand Affect on Brand Commitment**

In developing brand commitment, the role of brand affect is recognised positively, normally for its parallel contribution alongside brand trust development (Chaudhuri & Holbrook, 2001; 2002). Song *et al.* (2012) advocate that brand affect drives loyalty, but only through brand trust. Drawing on the emerging theory of brand commitment in relationship marketing, Chaudhuri and Holbrook (2002) propose there is a strong impact of brand affect on brand commitment. Commitment is associated with positive affect, and though this may obstruct the exploration of other alternatives in the short-term, affective

bonding or attachment may lead to stable customer benefits in the long-term (Grundlach *et al.*, 1995).

Chaudhuri and Holbrook (2002) have stressed two central aspects of brand as determinants of brand commitment: brand affect and brand trust. Chaudhuri and Holbrook (2002) tested their hypotheses on the antecedents of brand affect. They found that brand commitment derives from more favourable affects, providing empirical evidence that brands high in consumer affect is linked through brand commitment. Matzler *et al.* (2008) dispute that brand trust contributes to a higher degree of brand commitment as brand trust delivers high brand values, whereas brand commitment should be higher under conditions of more positive mood and affect. Chaudhuri and Holbrook (2002) explored two critical perspectives of a close emotional relationship: affect and hedonic signs of the affective element (positive and negative). Similarly, Dick and Basu (1994) proposed that brand loyalty would be greater under conditions of greater positive emotional mood or affect. Therefore, brands that make consumers more “happy”, “pleased” or “affectionate” should be associated with greater commitment (Chaudhuri & Holbrook, 2002). While feelings of love may not be prevalent in supplier-buyer relationships, the author proposes that positive emotional feelings such as happiness and joy are very much a part of the relationship that brands have with consumers. Therefore, it seems reasonable to expect that:

H1a: Brand affect has a positive impact on brand commitment for luxury brands.

### **2.6.2 Effect of Brand Affect on Behavioural Intentions**

Purchase intention for luxury brands represents an assessment of the consumers’ tendency to future purchasing behaviour. Brand affect offers a measure of consumers’ positive feelings derived from using the brands, which in turn can potentially predict future purchase intentions (Chaudhuri & Holbrook, 2001, 2002; White & Yu, 2005; Gountas & Gountas, 2007). These positive affects promote a variety of behaviours including pleasure and enjoyment derived from utilising the brands (Chaudhuri & Holbrook, 2001). Luxury consumption may involve fantasies, positive feelings and fun (Holbrook & Hirschman, 1982).

This positive affect could also help to improve an individual’s expectation of the outcomes of a decision (Erevelles, 1998). The findings from Morris *et al.* (2002) indicated that these

emotional responses offer a composite measurement which can act as a predictor of behavioural intentions, and is positively associated with purchase intention. The existing literature has established that consumers can demonstrate affect-based behaviour intentions toward luxury brands (Knight & Kim, 2007; Kumar *et al.*, 2009). The literature clearly exhibits that brand affect plays an important role in developing Chinese consumer purchase intentions toward luxury brands (Bian & Forsythe, 2012). Because luxury brands have the potential to meet their consumers' expectation and satisfy affective attitudes, positive emotional response is likely to be evidenced. Brand affect has been revealed to have greater impact on behaviour intention than cognition (Morris *et al.*, 2002; Batra & Homer, 2004), suggesting that such positive affect will mediate the impact of commitment on purchase intentions and willingness to pay a price premium for luxury brands. It therefore follows that:

H1b: Brand affect has a positive impact on purchase intentions for luxury brands.

H1c: Brand affect has a positive impact on willingness to pay a price premium for luxury brands.

## **2.7 Defining Brand Image**

Brand image has long been recognised as an important concept in marketing literature since the early 1950s (e.g. Gardner & Levy, 1955), but there is less agreement on the definition of brand image (Dobni & Zinkhan, 1990; Martinez & Pina, 2003). Brand image relates to the consumer's perception of the brand, which includes the internal factors, such as the consumer's personal characteristics and external factors such as product features and associations (Koubaa, 2008). Gardner and Levy were the first to introduce brand image into marketing literature in 1955 (Dobni & Zinkhan, 1990). This concept suggested that products possessed a social and psychological nature as well as a physical one, and that the sets of ideas, feelings and attitudes that consumers had regarding brands (i.e. their image of brands), was crucial to purchase behaviour (Gardner & Levy, 1955). Particularly, brand image has been widely used in customer purchase behaviour research from the 1980s (Bian & Moutinho, 2011). Newman (1957) defined brand image as everything that people associate with the brand. Brand image is also interpreted as the sum of the total impressions (Herzog, 1963). The work of Runyon and Stewart (1987) presented a similar definition in brand image and supported the findings of Newman (1957) and Herzog (1963). In addition, Dobni and Zinkhan (1990) have reviewed a cross section of 28

definitions of brand image in the past three decades (Appendix B). These definitions were categorised into blanket definitions, definitions where the emphasis was on either symbolism, meanings and messages, or on personification, cognitive and psychological dimensions.

The most widely cited brand image definition prior to 1990 was Park *et al.* (1986, p. 135): “brand image is the understanding consumers derive from the total set of brand-related activities engaged in by the firm”. This definition clearly uses the “input” or supplier side of brand communication, where the brand image results from communication received from the brand producer. Dobni and Zinkhan (1990) referred to an ongoing debate as to whether or not an image is something that is conveyed or something that is received. One camp (i.e. Bullmore, 1984) disproved that the image belongs to the brand, rather than it resided in the minds of consumers. The other camp contended that the consumer had a passive role where the image is projected by the marketer. Dobni and Zinkhan (1990, p. 117) amalgamated these perspectives and concluded that “product image is a function of the interaction between perceiver and product stimulus”. Later, Aaker (1996, p. 109) made a significant contribution to understanding brand image stating that “brand image is a set of associations, usually organised in some meaningful way” to enhance tangible (e.g. price) and intangible (e.g. status) attributes of the products. He distinguished between eleven dimensions of brand image, product attributes, intangibles, customer benefits, price, use/application, user, celebrity, lifestyle, product class, competitors and country of origin.

Furthermore, Keller (1998) was first to apply theories of memory and structure from a cognitive psychology perspective to explain brand image. Keller (1993, p.3) defined brand image as “the customers’ perceptions about a brand as reflected by the brand associations held in consumer memory”. This definition is consistent with blanket definitions by Newman (1957), Herzog (1963), and Runyon and Stewart (1987): consumers formed an image of the brand based on the associations that they have remembered with respect to that brand.

Building a brand image requires that relevant associations are identified and their linkages to the brand strengthened to promote spreading activation as described by Cai (2002). Cai (2002) has identified the three dimensions of brand association (attributes, benefits and attitudes) as corresponding to three image components (cognitive, affective and conative). Moreover, scholars variously describe brand image as “the set of beliefs held about a

particular brand” (Kotler, 1998, p. 197), or “a set of associations, usually organised in some meaningful way” (Aaker, 1996, p. 109). In other words, brand image reflects the perceptual concept of a brand that is held by the consumer, and stands for the set of brand associations in consumer memories (Hsieh & Lindridge, 2005; Kotler & Keller, 2009).

Aaker (1996) stated that these brand associations were important to both marketers and consumers: marketers using them to differentiate, position and extend brands, and consumers using them to help process, organise and retrieve information in memory and assist the decision-making process. Brand image is a result of consumers’ decoding all the signals delivered by the brand, such as brand name, visual signs, products, sponsoring and advertising (Kapferer, 1997a). Danesi (2006) proposes that use of a brand name enables consumers to recognise certain goods and distinguish them from others. In a later study Low and Lamb (2000, p. 352) represented brand image as “the reasoned or emotional perceptions consumers attach to specific brands”. It indicates that a set of beliefs held by an individual consumer attach to a specific brand based upon some intrinsic and extrinsic attributes of a market offering resulting in perceived quality and customer satisfaction (Ogba & Tan, 2009).

The finding of Low and Lamb (2000) supports Gardner and Levy’s work in 1955, in which brand image consists of functional and symbolic brand beliefs. From the above studies it is demonstrated that brand image is the mental image or perception of a brand, branded product or service (Dobni & Zinkhan, 1990), and it includes symbolic meanings that consumers associate with the specific attributes of a product or service (Padgett & Allen, 1997). Clearly implicit in all the above definitions is that brand image is a consumer-constructed concept of the brand. Consumers ascribe a persona or an image to the brand based on subjective perceptions of a set of associations that they have about the brand (Nandan, 2005). This study adopts Nandan’s (2005) brand image definition.

### **2.7.1 Measuring Brand Image**

Brand image is enrooted in both tangible and intangible associations linked to the attributes of the product, and are assessed through various approaches (Kaplan, 2007; Alimen & Cerit, 2010). These approaches could be divided into two main categories: scaling and sorting (Driesener & Romaniuk, 2006). Whether a brand and attribute are related or not and the strength of an existent relationship are determined through scaling techniques,



whereas only propriety of attribute is detected through sorting techniques (Driesener & Romaniuk, 2006). Since Western luxury brands are essentially considered as symbolic and conspicuous, the brand image serves as vital components for them. For example, when the consumer sees a luxury handbag or wallet in chic monogram canvas, they will likely think of Louis Vuitton. In the same manner, tweed or pearls on a product is likely to evoke a Chanel image. This is because these luxury brands have differentiated the image through these specific product attributes, which then also serve as signature for the brands.

In addition, unfixed construct definition gives rise to major measurement problems in brand image research (Alimen & Cerit, 2010). Biel (1992) proposed the two types of attributes, labelled as hard and soft. Hard attributes relate to functional, physical properties of the product, whereas the soft attributes refer to concepts like brand personality. This perspective tends to meld the perception of attributes both intrinsic and extrinsic to a product within the brand image mold and is well accepted among branding scholars. However, there are researchers who conceptualise brand image as an attitude that is based on the physical product (Reynolds & Gutman, 1984). To measure brand image, one can either use and adapt an existing list of brand associations or start from scratch by eliciting brand associations and then measuring their strength of associations (Aaker, 1996). These associations are generally categorised with respect to tangible and intangible values that the brand is suggested to offer, such as descriptive information, quality related aspects (e.g. functional, usable, durable and aesthetic), emotional aspects (e.g. adorable), or personality evaluations (e.g. sophisticated, trustworthy and rude). Given that there are few well-established measurements of brand image, this PhD study adopts the brand image scale (cognitive brand association and emotional brand association) developed by Kaplan (2007) and Bian and Moutinho (2011).

### **2.7.2 Effect of Brand Image on Brand Commitment**

Brand image describes the consumer's thoughts and feelings toward the brand (Roy & Banerjee, 2007). In other words, brand image is the overall mental image that consumers have of a brand, and its uniqueness in comparison to the other brand (Faircloth, 2005). Brand image comprises a consumer's knowledge and beliefs about the brand's diverse products and its non-product attributes (Lee *et al.*, 2011).

The relationship between brand image and brand loyalty has been hypothesised and evaluated in empirical studies (Zins, 2001; Lee *et al.*, 2011). Johnson *et al.* (2001) affirmed that more factorable brand images lead to greater brand loyalty. The work of Dalakas and Levin (2005) supported these findings – the more superior the brand image, the more the brand loyalty increases. However, this PhD research focuses on brand image rather than brand loyalty. Some marketing scholars argue that brand trust, rather than satisfaction and affect, drives brand commitment (Chaudhuri & Holbrook, 2002; Matzler *et al.*, 2008; Philippe & Gilles, 2010; Sung & Choi, 2010). Ogba and Tan (2009) suggested that brand image is considered to be a strong determinant of brand commitment. A popular brand not only attracts more customers, but those consumers also have greater loyalty and commitment to the brand (Ehrenberg *et al.*, 1990). Brand popularity occurs due to factors such as superior brand image and imitation (Kim & Chung, 1997). For example, Gucci is regarded as the world's most recognised luxury brand; this recognition is due to an excellent brand image which is synonymous with good reputation, highly quality and uniqueness of design style (Nielsen, 2011).

Brand image represents the personal symbolism that consumers associate with the brands, consisting of all the descriptive and evaluative brand-related information (Iversen & Hem, 2008). When consumers have a favourable brand image, the brand's messages have a stronger influence in comparison to competitor brand messages (Hsieh & Li, 2008). As brand image is an important determinant of a buyer's behaviour (Brumann *et al.*, 2008), the brand becomes of ultimate importance to the customer; it shapes the customer's beliefs and in some circumstances their personality. Brand commitment represents a customer's enduring desire to maintain a valued relationship with the brand that, both directly and indirectly through commitment, affects exchange outcomes (Moorman *et al.*, 1992). Therefore, brand-based commitment can be considered as commitment to a brand or its foci, including brand associations (brand image and brand reputation).

Following the above theoretical outcomes, brand commitment should be viewed as different from brand loyalty. Brand commitment should be conceptualised and measured from the point of view that customers can express emotional feelings and desire to maintain a relationship with a brand as a result of deeper intrinsic factors like the brand meaning and image from the customer's perspective, rather than simply from repeat purchase. Given the support in the literature for the link between brand image and brand commitment, the expectation is that the relationship will also hold with Western luxury

brands. However, it is relevant to argue that such an assertion may be subject to debate or argued to lack evidence as most of the literature upon which the supposition was based relied on research carried out within a Western context.

To further explore this supposition and empirically ascertain the validity of the assumption, this research will examine the above postulation to test that Chinese consumers' brand image positively impacts on brand commitment to luxury brands in the Chinese market. Ogba and Tan (2009) demonstrated that the validity of this approach using Chinese customers to test the relationship between brand image and brand commitment. Testing this hypothesis outside a Western environment will not only help support the literature outcomes, but lead to possible generalisation of the view that brand image has positive impact on brand commitment. In this way, it is also relevant to argue for a possible positive impact of brand image on brand commitment for Western luxury brands in the Chinese market. This leads to the second research hypothesis:

H2a: Brand image has a positive impact on brand commitment for luxury brands.

### **2.7.3 Effect of Brand Image on Behavioural Intentions**

In the case of luxury brands, brand name and associated image provide vital extrinsic drives for luxury consumption decision-making (Okonkwo, 2007; Kapferer & Bastien, 2009; Chevalier & Mazzalovo, 2012). Luxury brands and their image play a strategic role in establishing a key competitive advantage for their providers that subsequently create enormous value and wealth for these organisations (Keller, 2009). From a luxury retailers' perspective, using image as a critical element of their marketing campaign for these luxury brands allows increasing premium (Ait-Sahalia *et al.* 2004). For example, Han *et al.* (2010) observe that a woman carrying a Gucci "New Britt" hobo bag (USD 695)<sup>6</sup> signals something much different from a woman holding a Coach "Ali Signature" hobo bag (USD 268). This is because Coach as a brand is strongly perceived to be associated with accessible luxury, whereas Gucci has a greater perception of pure luxury.

Brand image represents consumers' overall understanding of a brand, based on their experience, impressions and perceptions of various facets of benefits a brand provides. A luxury product may carry a certain perception of excellence, quality, strong social

---

<sup>6</sup> The price in 2008.

identification and upper-class status (Hieke, 2010; Wiedmann *et al.*, 2011). These facets help luxury brand users to communicate between themselves and their desired external world (Vigneron & Johnson, 2004). Shukla (2011) identified the importance of image in a mediating capacity as an antecedent of purchase intentions in both mature and formative luxury markets. However, Shukla (2011) and Wiedmann *et al.* (2011) suggested that the association between brand image and luxury purchase intention is worthy of further attention, given that their work suggested that brand image does not impact directly on consumer purchase intentions. In contrast, a positive linkage between brand image and willingness to pay a price premium has been proved by Rodolfo *et al.* (2002) and Persson (2010). The ability of luxury brands to transmit a reputation for quality, reputation and heritage would make consumers willing to pay a price premium; in particular, brands which are associated with higher social acceptability are significantly preferred among collectivist markets (Shukla, 2011), China representing a particular example of such a setting. Given the recognised impact of brand image on purchase intentions and willingness to pay more, it is proposed that:

H2b: Brand image has a positive impact on purchase intentions for luxury brands.

H2c: Brand image has a positive impact on willingness to pay a price premium for luxury brands.

## **2.8 Nature of Trust**

Trust literature in the field of business studies has been influenced by trust studies in disciplines of psychology, social psychology and sociology (Seppanen *et al.*, 2007). Each discipline offers unique insights into the nature of trust, its definition and the processes through which it is developed (Doney & Cannon, 1997). In the psychology research area, Coote *et al.* (2003) proposed that trust exists when one party has confidence in the honesty, reliability and integrity of their partner. It reflects the basic concepts in psychology in its measurement of partner qualities, norms, and personal attributes such as honesty, reliability and integrity. Ganesan (1994, p. 2) approached trust from the marketing channel perspective and social exchange theory, and defined it as “the willingness to rely on an exchange partner in whom one has confidence”. This definition demonstrates the fundamental idea of marketing as exchange (Bagozzi, 1977) and fits well with social exchange theory.

In marketing research, the focus of trust phenomenon has been on understanding and managing the actual exchange relationship, such as the functioning of the buyer-seller relationship (Doney & Cannon, 1997), and relationship marketing (Chaudhuri & Holbrook, 2001). Therefore, it is understandable that exchange has been proposed as the core in marketing (Bagozzi, 1977). In the reviews of marketing studies, trust was connected to commitment (Morgan & Hunt, 1994), long-term orientation (Ganesan, 1994; Cannon *et al.*, 2010), future purchase intention (Weisberg *et al.*, 2011), product trust (Chaudhuri & Holbrook, 2001) and buyer-seller relationships (Dwyer *et al.*, 1987; Ganesan, 1994).

### **2.8.1 Defining Trust**

Blois (1999) asserted that there is still no commonly accepted definition for trust in the Western context, and that the construct is frequently confused conceptually with related constructs such as confidence and mutual dependence (Kriz & Keating, 2010). Trust has been defined as one party's belief that its needs will be fulfilled in the future by actions undertaken by the other party (Pruitt, 1981; Anderson & Barton, 1990). Trust plays a critical role in the development of long-term relationships because short-term inequities are inevitable in any relationship (Williamson, 1985). From the consumer's perspective, the extent to which a brand is trusted is very significant since this allows us to make purchase-decisions more easily (Ha, 2004).

Moorman *et al.* (1992, p. 315) also defined trust as a "willingness to rely on an exchange partner in whom one has confidence". This definition spans the two general approaches to trust in the literature. Initially, trust has been viewed as a belief, sentiment or expectation about an exchange partner's trustworthiness that results from the partner's expertise, reliability or intentionality (Pruitt, 1981). Second, trust has been observed as a behavioural intention or behaviour that reflects a reliance on a partner and involves vulnerability and uncertainty on the part of the trustor (Coleman, 1990). Based on this view, it suggests that without vulnerability trust is unnecessary because outcomes are inconsequential for the trustor. This is consistent with Coleman (1990, p. 100), who suggests it might include "voluntarily placing resources at the disposal of another or transferring control over resources to another". This view also suggests that uncertainty is critical to trust, because trust is unnecessary if the trustor can control an exchange partner's actions or has complete knowledge about those actions (Coleman, 1990). Moorman *et al.* (1992) and Doney and Cannon (1997) both also stress that the notion of trust is only relevant in situations of

uncertainty. Particularly, trust reduces the uncertainty in an environment in which consumers feel especially vulnerable because they know they can rely on the trusted brand.

Furthermore, Morgan and Hunt (1994) conceptualised trust as existing when one party has confidence in an exchange partner's reliability and integrity. Both definitions – Moorman *et al.* (1992) and Morgan and Hunt (1994) – highlight the importance of confidence. The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable (Morgan & Hunt, 1994).

However, absent from Morgan and Hunt's (1994) definition of trust is the behavioural intention of willingness as incorporated by Moorman *et al.* (1992). Moorman *et al.* (1992) argued that both belief and behavioural intention components must be present for trust to exist. Behavioural intention is a critical aspect of trust's conceptualisation. Thus, if one believes that a partner is trustworthy without being willing to rely on that partner, trust is limited. However, if one is willing to rely on a partner without holding a belief about that partner's trustworthiness, reliance may be more a function of power and control than trust.

On the contrary, Morgan and Hunt (1994) debated that willingness to act is implicit in the conceptualisation of trust. More generally, genuine confidence that a partner can rely on another will indeed imply the behavioural intention to rely. If one is confident, then one would be willing; if one is not willing, then one is not genuinely confident. They proposed that, although it certainly would be appropriate to have items incorporating stated willingness in a measure of trust, willingness is unnecessary or redundant in its definition (Morgan & Hunt, 1994). Therefore Morgan and Hunt (1994) concluded that as behavioural intention is best viewed as an outcome of attitude and not as part of its definition, willingness to rely should be viewed as an outcome of trust and not as a part of how one defines it. Moreover, Doney and Cannon (1997) defined trust as the perceived credibility and benevolence of a target of trust (Ganesan, 1994; Kumar *et al.*, 1995). The first dimension of trust focused on the objective credibility of an exchange partner, an expectancy that the partner's word or written statement can be relied on (Lindskold, 1978). The second dimension of trust, benevolence, is the extent to which one partner is genuinely interested in the other partner's welfare and is motivated to seek joint gain.

### 2.8.2 Defining Brand Trust

Brand trust has drawn increasing attention from both marketing practitioners and researchers alike in recent years because of its critical role in enhancing customer relationships (Selles, 1998) and building customer commitment (Morgan & Hunt, 1994). Delgado-Ballester *et al.* (2003) and Luk and Yip (2008) stated that brand trust is a multidimensional construct, and each dimension has a rather specific content domain and may behave independently; a failing to make this distinction may lead to serious problems in measurement development and model specification.

In the branding literature, the concept of brand trust is based on the idea of a consumer-brand relationship (Matzler *et al.*, 2008), which is seen as a substitute for human contact between the company and its customers (Sheth & Parvatiyar, 1995). Inconsistent with the definition of trust provided by Moorman *et al.* (1992) and Morgan and Hunt (1994), Chaudhuri and Holbrook (2001) defined brand trust as the willingness of the average consumer to rely on the ability of the brand to perform its stated function. Therefore, based on this conceptualisation, they developed a one-dimensional measurement scale. Chaudhuri and Holbrook (2002) used the same definition of brand trust to measure brand commitment in brand relationships. Brand trust implies the consumer has positive expectations of and trusting beliefs in the brand, on the basis of which s/he will decide whether or not to complete the transaction (Luk & Yip, 2008).

A trustworthy brand places the consumer at the centre of its world and relies more on understanding real consumer needs and fulfilling them than the particular service or product. Brand trust goes beyond consumer satisfaction with the functional performance of the product and its attributes (Aaker, 1996). Delgado-Ballester *et al.* (2003, p. 37) presented that brand trust is “the confident expectations of the brand’s reliability and intentions in situations entailing risk to the consumer”. Accordingly, to trust someone implicitly means that there is a high probability that this person will perform actions which will result in positive outcomes for his or her relational partner.

This brand definition has two main characteristics that identify and also differentiate it from the ones recently used by Chaudhuri and Holbrook (2001). First, their view of brand trust focuses on the perceived performance of the brand, which is close to the reliability dimension of the Delgado-Ballester *et al.* (2003) definition. However, Delgado-Ballester *et*

*al.* (2003, p. 38) disputed that one-dimensional conceptualisation completely “ignore the motivational aspects associated with the concept, which may limit the conceptual richness of the phenomenon”. In the consumer-brand domain, this idea implies that the brand is an active relational partner (Delgado-Ballester *et al.*, 2003). Since consumers believe that a brand’s positive intentions toward their welfare and interests is essential for it to be perceived as trustworthy, this conceptualisation represents an improvement over a single dimension conceptualisation that suppresses the construct space and reduces its conceptual richness.

Taking an entirely different approach, Lau and Lee (1999, p. 343) interpreted brand trust as the “willingness to rely on the brand”, and supplied a measurement scale that focuses on the brand itself rather than specific dimensions. Based on this view, brand trust is more or less a global measure of a consumer’s overall feeling or dispositional tendency toward the brand. However, Li *et al.* (2008) argued that this conceptualisation and measurement scale indicate a need for further clarification and investigation. The coexistence of multidimensional and global measures warrants a closer investigation of the relationship between overall brand trust and its various dimensions. Therefore, it points to the need to clarify the domain of the construct and examine how dimensional measures relate to global measures of brand trust (Li *et al.*, 2008). Overall, this PhD study adopts Chaudhuri and Holbrook’s (2001) definition of brand trust as the willingness of the average consumer to rely on the ability of the brand to perform its stated function.

### **2.8.3 Scale Development for Brand Trust**

Brand trust has been measured in different ways, such as emotional trust and trust in a partner’s reliability (Johnson-George & Swap, 1982), and as a general belief providing a measurement scale of a global nature (Lau & Lee, 1999). Chaudhuri and Holbrook (2001) were the first to concentrate on the performance competence of a brand, a unique aspect of brand trust. As specific goals may vary, measures of trust focusing on a brand’s ability to perform provide useful additional information. However, Luk and Yip (2008) argue that they developed a scale that might not capture the domain of brand trust adequately. Gurviez and Korchia (2002) conducted their research by using three dimensions – credibility, integrity and benevolence – in order to measure brand trust.



Reast (2003) provided empirical data to support that brand trust is composed of two dimensions – credibility and performance. However, trust in a brand could be different from trust in an interpersonal relationship (Luk & Yip, 2008). A brand is not like a human being and is unable to respond to the consumer. Therefore, over-reliance on performance measures that only link to human-based interactions may not be a valid measurement approach. Similarly, Delgado-Ballester *et al.* (2003) developed reliability and intentions in their scale in order to capture additional facets and to expand the domain of brand trust. The first dimension is named as “reliability”, which deals with the competence-based nature of a brand, implying its ability and willingness to keep promises and satisfy a consumer’s needs, and incorporating benefits like competence, credibility and predictability of performance (Delgado-Ballester *et al.*, 2003; Luk & Yip, 2008). The next dimension is defined as “intentions”, which indicates that the brand will place consumer interest and welfare first should unexpected problems with the product arise (Delgado-Ballester *et al.*, 2003; Delgado-Ballester & Munuera-Aleman, 2005). This dimension embraces benefits such as dependability, benevolence and concern for customer needs (Larzelere & Huston, 1980). The measures that constitute these two dimensions reveal both affective and cognitive aspects of consumer trust in the brand. Luk and Yip (2008) criticised that the major limitation of the Delgado-Ballester *et al.* (2003) study and the Delgado-Ballester and Munuera-Aleman (2005) study is that for investigation they only used low-involvement, fast-moving consumer goods that are by and large targeted at mass markets, like shampoo and beer. Luk and Yip (2008) suggested that whether the conclusion on the validity of the brand trust scale and its predictive power on buying behaviour can be generalised to another venue, like in different context, is open to debate.

In addition, Li *et al.*, (2008) argued that brand trust exists when consumers place their confidence in a brand with respect to specific aspects of a brand, such as performance competence and benevolent intentions. Trust in each specific aspect of a brand contributes to overall brand trust (Li *et al.*, 2008). Therefore, trust is a multidimensional construct that can be measured either by a global measurement scale or by a multidimensional scale that specifically taps into each dimension. Previous researchers have demonstrated that either overall brand trust or its specific dimensions can be successfully measured with reflective indicators. However, Li *et al.* (2008) suggested that the relationship of overall brand trust to its dimensions may be of a different nature. Thus, they conceived brand trust as a construct of higher abstraction that is determined by its various dimensions. In the Li *et al.* (2008) study, which agreed with Jarvis *et al.* (2003), competence and benevolence were

identified as essential components of brand trust, each contributing to the overall brand trust.

#### **2.8.4 Effect of Brand Trust on Brand Commitment**

Commitment and trust are crucial because they encourage marketers to (1) work at preserving relationship investments by cooperating with exchange partners, (2) resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partners, and (3) view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically (Morgan & Hunt, 1994). Morgan and Hunt (1994) viewed trust as a central construct of any long-term relationship. In a consumer-brand context, it may be an important contributor to the kind of emotional commitment that leads to long-term loyalty (Hess, 1995). Spekman (1988) confirmed that relationships characterised by trust are so highly valued that parties will desire to commit themselves to such relationships.

Achrol (1991) and Moorman *et al.* (1992) found trust by marketing research users in their research providers significantly affected user commitment to the research relationship. Likewise, Morgan and Hunt (1994) successfully confirmed that trust is a major determinant of relationship commitment. Commitment underlies the ongoing process of continuing and maintaining a valued and important relationship that has been created by trust (Sung & Campbell, 2009). In other words, trust and commitment should be associated because trust is important in relational exchanges and commitment is also reserved for such valued relationships. Brand commitment entails vulnerability, in the sense that the committed consumer forsakes all other alternatives and relies on a single brand that they expect will not let them down (Chaudhuri & Holbrook, 2002). Therefore, only trustworthy partnerships lead to committed relationships, since such partnerships are perceived to reduce risk by being more reliable.

The researcher proposes that brand trust is positively related to brand commitment. This postulation originates from the emerging theory of brand commitment-trust and brand commitment (Morgan & Hunt, 1994; Gundlach *et al.*, 1995; Fournier, 1998). Brand trust is a key factor in brand commitment and the developing of a long-term relationship with a brand (Chaudhuri & Holbrook, 2002; Matzler *et al.*, 2008; Philippe & Gilles, 2010; Sung & Choi, 2010). In line with this, if a Chinese consumer trusts a Western luxury brand, it is

likely that s/he will develop some form of positive buying intention toward this specific brand. Therefore, a high level of brand trust may ultimately convert a satisfied consumer into a committed one. In contrast, a low level of brand trust may counterbalance high brand satisfaction to reduce the probability of purchase of a Western luxury product. Thus, the following hypothesis is formulated:

H3a: Brand trust has a positive impact on brand commitment for luxury brands.

### **2.8.5 Effect of Brand Trust on Behavioural Intentions**

There is evidence in the established consumer marketing literature indicating that a positive linkage exists between brand trust and consumers' behavioural intentions (purchase intention and willingness to pay a price premium) that is mediated by commitment (Morgan & Hunt, 1994; Hennig-Thuran *et al.*, 2002; Bansal *et al.*, 2004; Keh & Xie, 2009).

If brand trust represents reliability, honesty and intention of meeting the customer's specific expectations, then the resultant changes to the consumer's mental state will evoke their commitment to the brand (Luk & Yip, 2008). For instance, both reliability and honesty particularly imply value promises of the brand (Doney & Cannon, 1997), which enhance consumer confidence and, in turn, the potential for future buying intentions (Delgado-Ballester & Munuera-Aleman, 2005). All of these positive stimuli prompt the customer to form positive buying intentions toward the brand (Luk & Yip, 2008). The study by Kim and Ko (2010) and Hong and Cha (2013) also confirmed the positive impact of brand trust on purchase intentions.

Further to this, Keh and Xie (2009) found that brand trust has a much stronger effect on purchase intention than on willingness to pay a price premium. This finding is consistent with the conception that there are different stages in the consumer-brand relationship, from "strangers" to "acquaintances" to "friends" to "partners" (Johnson & Selnes, 2004). When the relationship between the customer and the luxury brand supplier evolves from "strangers" to "partners", customers may experience "reputation-based certainty, then trust-based repurchase intention and finally commitment-based willingness to pay a price premium" (Keh & Xie, 2009, p. 739). Therefore, greater consumer behaviour encompassing repurchasing and willingness to pay more can be regarded as an indicator of

quality in a luxury retailer's relationship with its customers. More recently, the positive association proved by Albert *et al.* (2013) and Albert and Merunka (2013) between brand trust and willingness to pay more is fully mediated through brand commitment. This suggests earlier work of Chaudhuri and Holbrook (2001), who emphasised that brand commitment represents an important consequence of brand trust, conceptualising this as a behavioural intention toward the brand or as an actual pattern of purchasing behaviour. For brand trust, it would appear reasonable to expect that the higher its value, the deeper commitment to brand and the higher the possibility of repurchasing or willingness to pay more being exhibited by the consumers in question. Given the support in the literature for the relationships between brand trust and purchase intentions and willingness to pay a price premium, the expectation is that the association will also hold in this study. Therefore, the following hypothesis can be formulated:

H3b: Brand trust has a positive impact on purchase intentions for luxury brands.

H3c: Brand trust has a positive impact on willingness to pay a price premium for luxury brands.

## **2.9 The Concept of Customer Value**

Customer value emerged in the 1990s as a growing topic of interest for firms at both an academic and professional level (Landroguéz *et al.*, 2013). Customer value was labelled as “the fundamental basis for all marketing activity” (Holbrook, 1996, p. 140), and has proven to be “of continuing importance into the 21st century” (Sweeney & Soutar, 2001, p. 203). Customer value is one of the most important conditions for a firm's long-term success (Gale, 1994; Porter, 1996; Huber *et al.*, 2001), and it has been highlighted as an important source of competitive advantage (Woodruff, 1997; Mizik & Jacobson, 2003; Spiteri & Dion, 2004). Customer value is also recognised as a critical strategic tool to attract and retain customers (Wang *et al.*, 2004; Chen & Quester, 2006; Sanchez & Iniesta, 2006), as well as an indicator of repurchase intentions (Parasuraman & Grewal, 2000).

Many authors have acknowledged the difficulties involved in defining customer value (e.g. Woodruff, 1997; Sanchez & Iniesta, 2006; Choo *et al.*, 2012). The complexity of this concept stems from its ambiguous interpretations (Khalifa, 2004) and the subjectivity of value (Kortge & Okonkwo, 1993; Patterson & Spreng, 1997), which is compounded by the fact that customer value is a dynamic concept that evolves over time (Woodruff, 1997;

Huber *et al.*, 2001; Landroguéz *et al.*, 2013). According to Sanchez and Iniesta (2006), there are many terms that have been used to refer to customer value, such as "consumption value" (Sin *et al.*, 2001; Sweeney & Soutar, 2001), "perceived value" (Agarwal & Teas, 2001), "consumer value" (Holbrook, 1994), "received value" (Flint & Woodruff, 2001), "perceived customer value" (Gale, 1994), "shopping value" (Babin *et al.*, 1994), "product value" (Bowman & Ambrosini, 2000) and "luxury customer value" (Vigneron & Johnson, 2004). Payne and Holt (2001) classified customer value as three types, including "creating and delivering customer value" (e.g. how companies can "add value"), "customer-perceived value" (e.g. desired and received value at purchase and in use) and "value of the customer" (e.g. customer lifetime value). Moreover, Schwartz (1992) defined basic value as trans-situational goals, varying in importance, that serve as guiding principles in the life of a person or group. He theorised that basic values are organised into a coherent system that underlies and can help to explain individual decision making, attitudes, and behaviour (Schwartz *et al.*, 2012). Khalifa (2004) grouped the definitions of customer value into three categories: value components models<sup>7</sup> (Kaufman, 2001), benefits/costs ratio models<sup>8</sup> (Groth, 1994) and means-ends models<sup>9</sup> (Woodruff, 1997).

The importance of customer value has been examined from two different levels (Woodruff, 1997). At the first level – customer value from a firm's perspective – customer value is central for the provider. The goal is to evaluate how attractive individual customers or customer groups are from a company perspective (Payne & Holt, 2001). This research stream is closely related to relationship marketing, which aims at developing and maintaining profitable business relationships with selected customers (Graf & Maas, 2008). At the second level – customer value from a customer perspective – this value generates a company's product or service as perceived by the customer or the fulfilment of customer goals and desires by company products and/or services (Woodruff, 1997). It positively affects behavioural outcomes, including purchase intentions (Chaudhuri & Holbrook, 2001; Sweeney & Soutar, 2001; Gallarza & Saura, 2006). Similarly, Smith and Colgate (2007) and Graf and Maas (2008) categorised customer value into two groups: value for the customer (customer perceived value or customer received value) and value for the firm (value of the customer, now more commonly referred to as customer lifetime value).

---

<sup>7</sup> Value components models are classified as: esteem value or 'want', exchange value or 'worth' and utility value or 'need' (Kaufman, 2001).

<sup>8</sup> Value is defined in relation to pricing as the difference between customers' perception of benefits received and sacrifice incurred.

<sup>9</sup> Means-ends models are based on the assumption that customers acquire and use products or services to accomplish favourable ends. Means are products or services, and ends are personal values considered important to consumers (Huber *et al.*, 2001).

However, the first level of customer value is not focused on in this study – that is, customer value as the value that a firm can obtain from its customers – and does not consider the value provided by the firm to its customers.

### 2.9.1 Defining Customer Value

Despite customer value having attracted equally extensive attention in academia and industry in recent years, there is little consensus about the definition and concept of customer value (Choo *et al.*, 2012). Customer value is one of the most overused and misused concepts in social science and particularly in marketing literature (Khalifa, 2004). The lack of agreement among scholars with respect to the definition and the concept of customer value results in inconsistent and immensurable empirical measures (Boksberger & Melsen, 2011). Table 2.6 represents a summary about various definitions of customer value used in the literature.

Table 2.6 Definitions of Customer Value

| Source(s)                           | Definition   |
|-------------------------------------|--|
| Monroe (1990, p. 46)                | <i>“Buyers’ perception of value represent a trade-off between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price.”</i>   |
| Anderson <i>et al.</i> (1992, p. 5) | <i>“Value in business markets [is] the perceived worth in monetary units of the set of economic, technical, service and social benefits received by a customer firm in exchange for the price paid for a product, taking into consideration the available suppliers’ offering and prices.”</i> |
| Gale (1994, p. xiv)                 | <i>“Customer value is market perceived quality adjusted for the relative price of your product.”</i>   |
| Holbrook (1994, p. 46)              | Customer value is <i>“a relativistic (comparative, personal, situational) preference characterizing a subject’s [consumer’s] experience of interacting with some object. . . i.e., any good, service, person, place, thing, event, or idea.”</i>   |
| Lassar <i>et al.</i> (1995, p. 13)  | Customer value as <i>“the perceived brand utility relative to its costs, assessed by the consumer and based on simultaneous considerations of what is received and what is given up to received it”</i> .  |
| Butz and Goodstein (1996, p. 63)    | <i>“By customer value, we mean the emotional bond established between a customer and a product after the customer has used a salient product or service produced by that supplier and found the product to provide an added value.”</i>  |
| Patterson and Spreng (1997, p. 416) | Customer value as <i>“a ration or trade-off of total benefits received to total sacrifices.”</i>   |
| Woodruff (1997, p. 142)             | <i>“Customer value is a customer’s perceived preference for and evaluation of those product attributes, attribute performance, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations.”</i>                                |

|                                |   |
|--------------------------------|---|
| Zeithaml (1998, p.14)          | <i>“Perceived value is a customer’s overall assessment of the utility of a product based on perceptions of what is received and what is given.”</i>   |
| Smith and Colgate (2007, p. 8) | <i>“What customer get (benefits, quality, worth, utility) from the purchase and use of a product versus what they pay (price, costs, sacrifices), resulting in attitude toward, or an emotional bond with the product.”</i> |

Source: Author

Terminology such as utility, quality, advantage or preference is used to define customer value even though these terms themselves are not clearly defined (Spiteri & Dion, 2004). However, what the definitions have in common is that customer value is considered as a theoretical construct to do with a customer perspective of provider products or services (Huber *et al.*, 2001; Spiteri & Dion, 2004). Some authors only focus on the benefits of customer value (Sweeney & Soutar, 2001; Orth *et al.*, 2004). Others adopt a cost-benefit view, which evaluates value on the basis of “get for give”. The benefits are what the customer values, and costs are what the customer gives up (Netemeyer *et al.*, 2004; Whittaker *et al.*, 2007).

Within a pricing theory context, Monroe (1990) referred to customer value as the “worth what paid for” trade-off. In line with this, when a single purchase of a luxury product is made, the customer expects to receive a benefit greater than the cost: that is, the customer expects to receive value. For example, this study uses the “worth what paid for” approach, as research by Brodie *et al.* (2009) shows that this is the most effective way to examine the relationship between customer value and loyalty.

A number of researchers have suggested ways in which to define value from the customer’s value perspective (Woodruff & Gardial, 1996; Woodruff, 1997). Payne and Holt (2001) pointed out Woodruff’s (1997) definition of customer value as being the most comprehensive (see Table 2.6 above). Woodruff (1997) built the key elements in this definition into a “customer value hierarchy model”, linking desired product/service attributes and performances to desired consequences in use situations which ultimately link to the customer’s goals and purchases. In common with this and other views of customer-perceived value (Ravald & Gronroos, 1996; Christopher, 1997) is the idea of a trade-off between perceived benefits and perceived sacrifice (or positive and negative consequences). Perceived sacrifice involves the recognition of all costs a buyer incurs when they make a purchase. The perceived benefits represent a combination of a number of elements which may include physical attributes in relation to the use of the product as well as the purchase price and other indicators of perceived quality.

Graf and Maas (2008) have divided the customer value from a customer perspective into two categories: perceived customer value and desired customer value. Perceived customer value is conceptualised as a trade-off between benefits and sacrifices with a focus on the concrete performance characteristics of the products/services (Gale, 1994; Patterson & Spreng, 1997). While desired customer value is conceptualised as a part of the customer's value system, the focus of desired customer value is on abstract value dimension, or consequences, derived from specific performance characteristics (Woodruff, 1997). The conventional research had neglected the hedonic value component in the consumption experience up until the early 1980s and Hirschman and Holbrook (1982). The hedonic value of a product is related to a consumer's multisensory capacity, such as taste and visual image (Elison & Swee, 2007). Hedonic value is more subjective and personal than its utilitarian counterpart and results more from enjoyment and amusement than from task completion (Barry *et al.*, 1994). Hedonic value also leads to stimulus purchases explored by Chaudhuri and Holbrook (2001). Therefore, hedonic value links the purchasing of a product with potential entertainment and emotional worth. In addition, Chaudhuri and Holbrook (2001) presented a definition of hedonic value whereby consumers feel happy, pleased and interested regarding a product. In this sense, consumers feel happy or pleased through purchasing a luxury brand and using a luxury product; it delivers positive emotions.

Babin *et al.* (1994) have proposed a value measurement scale that measures consumers' evaluations of a shopping experience from utilitarian value and hedonic value. Utilitarian value is often related to the task-related and rational aspect of shopping, while hedonic value reflects the entertainment aspect and emotional worth of shopping (Babin *et al.*, 1994). Using means-end theory, Zeithaml (1988) reviewed the extant literature and exploratory research, and identified four dimensions of value: (1) price, (2) the trade-off between costs and benefits, (3) the trade-off between perceived product quality and price, and (4) an overall assessment of subjective worth (what I get for what I give). In a similar vein, Woodruff (1997) and Woodruff and Gardial (1996) developed a "value hierarchy" to introduce a judgement of desired values and received values rooted in the expectancy disconfirmation paradigm. Woodruff (1997) defined customer value as a customer's preference for and evaluation of attributes, attribute performance and consequences that are perceived through the consumption process. Woodruff's definition puts emphasis on customer preference or belief for the object being consumed, which is similar to Zeithaml's fourth feature. Butz and Goodstein (1996) and Smith and Colgate (2007) also defined



customer value as what customers get from the purchase and use of a product versus what they pay, resulting in an attitude toward, or an emotional bond with, the product which is similar to the third feature of customer value according to Zeithaml's definition (details see Table 2.7).

The costs and sacrifices devoted to achieve benefits are only intrinsically considered. In this presented study, the researcher will adopt this approach in defining customer value and consider the customer value of a luxury brand as customer preference for and belief in the attributes and attribute performance of the brand. However, from Smith and Colgate's (2007) definition of customer value, the emotional bond resulting from favourable perception and attitude toward objects is also an important aspect in understanding customer value.

### **2.9.2 Customer Value Frameworks**

Given the earlier debate, there is no commonly accepted definition, framework or typology of customer value. Customer value as an individual's enduring feature in the consumption context is different from the actual value (Choo *et al.*, 2012). Customer value is a subjective construct made up of multiple value components (Huber *et al.*, 2001). Table 2.7 summarises the key literature regarding the customer value framework.

Table 2.7 Customer Value Framework

| Authors/Year                   |   | Dimensions  |
|--------------------------------|---|---|
| Park <i>et al.</i> (1986)      | Functional needs  | Solves consumption-related problems.  |
|                                | Symbolic needs  | Self-enhancement, role position, group membership or ego-identification.  |
|                                | Experiential needs  | Sensory pleasure, variety, or cognitive stimulation.  |
| Sheth <i>et al.</i> (1991)     | Functional value  | Salient functional, utilitarian and physical purposes.  |
|                                | Social value  | The image and symbolism association (positively or negatively) with reference groups.   |
|                                | Emotional value   | Creation or perpetuation of feeling or affective states including comfort, security, excitement, romance, passion, fear or guilt. |
|                                | Epistemic value<br>Conditional value                          | The arousal of curiosity, novelty or knowledge.<br>The present of antecedent physical or social context in a specific situation.  |
| Babin <i>et al.</i> (1994)     | Utilitarian value   | Relate to the task-related and rational aspect of the shopping.   |
|                                | Hedonic value   | Reflect the entertainment aspect and emotional worth of shopping.   |
| Sweeney and Soutar (2001)      | Functional value<br>( <i>Performance/quality</i> )            | The perceived quality and expected performance of the product.  |
|                                | Functional value<br>( <i>Price/value for money</i> )          | The product due to the reduction of its perceived short term and longer term costs.   |
|                                | Emotional value   | The feelings or affective states that a products generates.   |
|                                | Social value<br>( <i>Enhancement of social self-concept</i> ) | The product's ability to enhance social self-concept.   |
|                                |   |   |
| Smith and Colgate (2007)       | Functional/instrumental value                                 | A product (goods or service) has desired characteristics, is useful or performs a desired function.                               |
|                                | Experiential/hedonic value                                    | A product creates appropriate experience, feelings and emotions for the customers.  |
|                                | Symbolic/expressive value                                     | Customers attach or associate psychological meaning to a product.   |
|                                | Cost/sacrifice value  | Customers try to minimise the costs and other sacrifices that may be involved in the purchase, ownership and use of a product.    |
| Whittaker <i>et al.</i> (2007) | Functional value  | Perceived performance or utility of the products or service.  |
|                                | Epistemic value   | An offering's ability to arouse curiosity, provide novelty or satisfy a desire for knowledge.                                     |
|                                | Emotional value   | An offering's ability to arouse feelings and/or affective states.   |
|                                | Social value  | Interpersonal/group interaction, together with emotional value.   |
|                                | Image value   | Being associated with a business partner that enjoys high market status.  |
|                                | Price/Quality value   | Customer's perception of the service they receive in exchange for what they give in terms of payment/sacrifice.                   |

Source: Author

### 2.9.3 Luxury Customer Value

Creation of customer value through closer and more special relationships leads to satisfaction, trust, affective commitment and loyalty (Vigneron & Johnson, 2004; Smith & Colgate, 2007; Christodoulides *et al.*, 2009; Wiedmann *et al.*, 2009; Tynan *et al.*, 2010). Therefore, building a strong relationship through customer value is considered as the key

success factor for luxury brands (Choo *et al.*, 2012). The core competency of luxury brand value composes of not only authenticity and social values, but also personal and hedonic ones which are linked to experiences, emotional involvement and relationship (Kapferer & Bastien, 2009). The influences of relationships are becoming more and more important, as customer values for luxury are changing (Smith & Colgate, 2007; Payne *et al.*, 2009). Even though there has been much research on customer value and relationship quality, little is known about the relational outcomes of luxury customer value, especially for fashion luxury brands, in emerging markets such as China.

An understanding of the nature of the luxury customer value cannot be achieved without understanding the definition of luxury brand and luxury itself. There is no agreed concise definition of luxury or luxury brands in academia (Wiedmann *et al.*, 2009). The term is often used to demonstrate products or brands of high price (Choi, 2003), excellent quality (Husic & Cicic, 2009), exclusivity or rarity (Berthon *et al.*, 2009), aesthetic beauty (Kapferer, 1997), social meaning (Berthon *et al.*, 2009) or pleasure (Berry, 1994). The customer value of a luxury brand is inevitably connected to these basic features, as customer value implies the reason and desire an individual seeks through luxury consumption.

Customer's luxury value perception and motives for luxury brand consumption are not simply tied to a set of social factors that include displaying status, success, distinction and the human desire to impress other people; they also depend on the nature of the functional and emotional aspects of the brand (Wiedmann *et al.*, 2009). Vigneron and Johnson (1999) recognised five prestige-seeking motivations and corresponding values, and defined a prestige brand on the basis of these five distinctive values: conspicuous value, unique value, social value, hedonic value and quality value, which reflect Veblenian, snob, bandwagon, hedonist and perfectionist motivations respectively (Veblen, 1995). The significant meaning of the Vigneron and Johnson (1999) study is that it explicitly proposed five latent values that influence consumer decision-making on luxury brands. When this framework was tested again with non-student consumers from Asia (e.g. Taiwanese) by Christodoulides *et al.* (2009), the value of quality, uniqueness and extended self were confirmed by confirmatory factor analysis, while the categories of hedonism and conspicuous value passed the threshold of exploratory factor analysis. Wiedmann *et al.* (2009) investigated consumer luxury value for a segmentation purpose. The authors proposed a hierarchical structure of luxury value composed of four latent luxury values

(financial, functional, individual and social). Similarly, Hennigs *et al.* (2012b) extend Wiedmann's *et al.* (2009) work to identify and understand the different types of luxury consumers with respect to the dimensions of luxury value in a global context – a cross-cultural study in collaboration with American, Asian and European researchers. Later, Tynan *et al.* (2010) implicitly incorporated two values as components of symbolic value (details see Table 2.8). The model also provided a rich content of functional value by including usability and uniqueness values. However, Tynan *et al.* (2010) criticised the model proposed by Wiedmann *et al.* (2009) for not clarifying from the discussion how the uniqueness value of luxury goods can provide customers with functional value. Therefore, Tynan *et al.* (2010) suggested a comprehensive and theory-based customer value framework to reflect the nature of luxury objects and active value creation by customers (details see Table 2.8). Tynan *et al.* (2010) integrated one new type of value which Smith and Colgate (2007) did not consider – that of value offered by the relationship with the brand (Fournier, 1998) and/or the service provider (Gronroos, 2011), which is particularly important for high value luxury goods where personal service and high expectation are the norm.

Berthon *et al.* (2009) also suggested that the luxury brand value was characterised by three components: functional value, experiential value and symbolic value. However, the impact of these dimensions has not been empirically tested on the motivations of individuals to consumer luxury brands (Hung *et al.*, 2011). Hung *et al.* (2011) extended the framework of Berthon *et al.* (2009) to evaluate the three key values influencing purchase intentions toward luxury brands. More recently, Choo *et al.* (2012) expanded the work of Smith and Colgate (2007) and Tynan *et al.* (2010) to identify luxury customer value factors that influence brand relationship and behavioural intention. In their study, Choo *et al.* (2012) modified the cost/sacrifice dimension of the Tynan *et al.* (2010) framework to economic value. The concepts of cost/sacrifice (i.e. this dimension encompasses various aspects of costs that customers have to sacrifice to achieve the benefit from the consuming process) overlap with other dimensions of value, as the costs are implicitly reflected in the benefit perception. Therefore, only economic value is considered in their framework (see Table 2.8).

Table 2.8 Customer Value Framework for Luxury Goods

| Authors/<br>Year                     | Value Type  |  |  |  |
|--------------------------------------|---|--|--|--|
|                                      | Utilitarian   | Experiential/<br>Hedonic   | Symbolic/<br>Expressive  | Cost/<br>Sacrifice   |
| Vigneron and Johnson (1999)          | <ul style="list-style-type: none"> <li>• Uniqueness value</li> <li>• Quality value</li> </ul>   | <ul style="list-style-type: none"> <li>• Emotional</li> </ul>  | <ul style="list-style-type: none"> <li>• Conspicuous value</li> <li>• Social value</li> </ul>  |  |
| Smith and Colgate (2007)             | <ul style="list-style-type: none"> <li>• Correct/accurate attributes</li> <li>• Appropriate performances</li> <li>• Appropriate outcomes</li> </ul> | <ul style="list-style-type: none"> <li>• Sensory</li> <li>• Emotional</li> <li>• Social/relational</li> <li>• Epistemic</li> </ul>                 | <ul style="list-style-type: none"> <li>• Self-identity/worth</li> <li>• Personal meaning</li> <li>• Self-expression</li> <li>• Social meaning</li> <li>• Conditional meaning</li> </ul>                            | <ul style="list-style-type: none"> <li>• Economic cost</li> <li>• Psychological cost</li> <li>• Personal investment</li> <li>• Risk</li> </ul> |
| Berthon <i>et al.</i> (2009)         | <ul style="list-style-type: none"> <li>• Quality value</li> <li>• Craftsmanship</li> </ul>  | <ul style="list-style-type: none"> <li>• Sensations</li> <li>• Feelings</li> <li>• Cognitions</li> <li>• Behavioural responses</li> </ul>          | <ul style="list-style-type: none"> <li>• Conspicuous value</li> <li>• Self-concept</li> </ul>  |  |
| Christodoulides <i>et al.</i> (2009) | <ul style="list-style-type: none"> <li>• Uniqueness value</li> <li>• Quality value</li> </ul>   | <ul style="list-style-type: none"> <li>• Exquisite</li> <li>• Glamorous</li> <li>• Stunning</li> </ul>   | <ul style="list-style-type: none"> <li>• Leading</li> <li>• Very powerful</li> <li>• Rewarding</li> <li>• Successful</li> </ul>  |  |
| Tynan <i>et al.</i> (2009)           | <ul style="list-style-type: none"> <li>• Excellence</li> <li>• Craftsmanship</li> </ul>   | Hedonic effect <ul style="list-style-type: none"> <li>• Aesthetics</li> <li>• Experience</li> </ul>  | Outer-directed:<br>Conspicuous consumption/ Veblen effects, bandwagon, snob, status/esteem, sign, social identity, uniqueness<br><br>Self-directed:<br>Personal identity, aesthetics, self-gift giving, uniqueness | <ul style="list-style-type: none"> <li>• Perfectionism effect</li> <li>• Exclusivity</li> </ul>  |
| Wiedmann <i>et al.</i> (2009)        | (Functional value) <ul style="list-style-type: none"> <li>• Usability value</li> <li>• Quality value</li> <li>• Uniqueness value</li> </ul>         | (Individual value) <ul style="list-style-type: none"> <li>• Hedonic value</li> </ul>   | (Individual value) <ul style="list-style-type: none"> <li>• Self-identity value</li> <li>• Materialistic value (Social value)</li> <li>• Conspicuous value</li> <li>• Prestige value</li> </ul>                    | (Financial value) <ul style="list-style-type: none"> <li>• Price value</li> </ul>  |
| Hung <i>et al.</i> (2011)            | <ul style="list-style-type: none"> <li>• Quality value</li> </ul>   | <ul style="list-style-type: none"> <li>• Fun</li> <li>• Fantasies</li> <li>• Feelings</li> </ul>   | <ul style="list-style-type: none"> <li>• Wealth value</li> </ul>   |  |
| Choo <i>et al.</i> (2012)            | <ul style="list-style-type: none"> <li>• Excellence</li> <li>• Functional</li> </ul>  | <ul style="list-style-type: none"> <li>• Aesthetics</li> <li>• Pleasure</li> <li>• Experience</li> </ul>   | <ul style="list-style-type: none"> <li>• Self-expressive</li> <li>• Social</li> </ul>  | <ul style="list-style-type: none"> <li>• Economic cost</li> </ul>  |
| Hennigs <i>et al.</i> (2012)         | (Functional value) <ul style="list-style-type: none"> <li>• Usability value</li> <li>• Quality value</li> <li>• Uniqueness value</li> </ul>         | (Individual value) <ul style="list-style-type: none"> <li>• Hedonic value</li> <li>• Self-identify value</li> <li>• Materialistic value</li> </ul> | (Social value) <ul style="list-style-type: none"> <li>• Conspicuous value</li> <li>• Prestige value</li> </ul>   | (Financial value) <ul style="list-style-type: none"> <li>• Price value</li> </ul>  |

Source: Author

### **2.9.3.1 Components of Luxury Customer Value**

Research has verified that luxury customer value can be treated as a multidimensional construct (Wiedmann *et al.*, 2009; Tynan *et al.*, 2010). The different dimensions have different roles in the user's decision. Findings by Wiedmann *et al.* (2009) suggested that a better understanding of consumer luxury value was based on social value, individual value, functional value and financial value aspects. In case of this research, four components of luxury customer value have been identified to measure Western luxury brands, including functional value, emotional value, symbolic value and social value.

#### **2.9.3.1.1 Functional Value**

Functional value refers to the core benefits and basic utilities that drive the consumer-based luxury brand value such as quality, uniqueness, usability, reliability and durability of the product (Sheth *et al.*, 1991). Functional value is the benefit that the consumer gains from the physical functions of a product (Choi, 2003). Berthon *et al.* (2009) indicated that quality is the key to satisfying the consumer's need to fulfil functional value. Vigneron and Johnson (2004) have proposed personal and non-personal perception of luxury brands. For example, non-personal, uniqueness (scarcity and exclusivity) and quality were included, which are equivalent to function of a luxury product. They identified that both uniqueness and quality enhanced the desirability of a luxury brand. Nia and Zaichkowsky (2000) revealed several indicators of luxury brands, including higher quality and premium price (i.e. functional indicators).

Research revealed that scarcity or limited supply enhances consumer preference for a brand (Lynn, 1991). Individuals express a need for uniqueness when they are searching for something that is difficult to obtain (i.e. a Louis Vuitton handbag). Vigneron and Johnson (2004) reviewed the evidence from Tian's *et al.* (2001) study – that a consumer's need for uniqueness subsumes three behavioural dimensions. Functional value of uniqueness is sought to improve one's self-image and social image by adhering to one's personal taste or avoiding similar consumption (Vigneron & Johnson, 2004). The uniqueness feature is based on the assumptions that perceptions of exclusivity and rarity enhance the desire for a brand, and that this desirability is increased when the brand is also perceived as expensive (Groth & McDaniel, 1993; Verhallen & Robben, 1994). The more difficult a luxury brand is to find because of its uniqueness (e.g., a limited edition Hermes handbags) – which

would be expensive compared to the normal standard – the more valuable it becomes (Verhallen & Robben, 1994; Wiedmann *et al.*, 2009). A luxury product is not affordable by or owned by everybody, otherwise it would not be regarded as a luxury item.

Gentry *et al.* (2001) demonstrated that one key reason consumers purchase luxury brands is because of the superior quality reflected in the brand name. This is congruent with the assumption in the field of perceived quality that luxury brands offer greater product quality and performance than non-luxury brands (Nia & Zaichkowsky, 2000; O’Cass & Frost, 2002; Vigneron & Johnson, 2004). Consumers may associate luxury products with superior brand quality and reassurance so that they perceive more value from them (Aaker, 1992). The literature on luxury consumption often emphasises this importance of quality to ensure the perception, and therefore the value, of luxury (Vigneron & Johnson, 2004; Wiedmann *et al.*, 2009). Furthermore, high quality is seen as a fundamental character of a luxury product in terms of an essential condition (Vigneron & Johnson, 2004; Wiedmann *et al.*, 2009; Kim *et al.*, 2010). Thus, quality value should be considered as a key component within luxury customer value.

#### **2.9.3.1.2 Emotional Value**

Emotional value reflects emotional response (Wood, 2000), and is derived from feelings or experience (Sweeney & Soutar, 2001; Kumar *et al.*, 2009). Certain goods and services have been known to carry emotional value in addition to their functional utility (Sheth *et al.*, 1991). Studies in the field of luxury consumption have revealed that luxury products are likely to provide such subjective intangible benefits (Dubois & Laurant, 1994). Sheth *et al.*, (1991) defined the emotional value as the perceived utility derived from an alternative capacity to arouse feelings or affective states, such as comfort, passion, fear or guilt. In the luxury brands context, emotional value is an essential characteristic of the perceived utility acquired from luxury products: “... a vast majority subscribes to the hedonic motive (one buys luxury goods primary for one’s pleasure) and refutes the snobbish argument” (Dubois & Laurent, 1994, p. 275).

Research concerning the concept of luxury brands has repeatedly identified the emotional responses associated with luxury consumption, such as sensory pleasure, aesthetic beauty and excitement (Vigneron & Johnson, 2004; Wiedmann *et al.*, 2009). Emotional value reflects on the user’s mental or psychological needs for luxury goods as a significant

predictor of satisfaction, alongside its functional equivalent which assesses the practical benefits derived from a product or service (Deng *et al.*, 2010). Generally, emotional value is measured by consumer feelings (Keller, 2001), such as joy and pleasure (Sweeney & Soutar, 2001). Compared to other measures, their constructs include both utilitarian and hedonistic components (Sweeney & Soutar, 2001). The importance of this combination can be seen in a comment by Hooley *et al.* (2012), who noted that the appeal of a product or a service is an amalgam of rational and emotional factors, and emotions play a part in every purchase decision. Vigneron and Johnson (2004) mentioned hedonic feelings as a personal perception of luxury brands. Hedonic consumers are looking for personal rewards and fulfilment acquired through the purchase and consumption of luxury products evaluated for their subjective emotional benefits and intrinsically pleasing properties, rather than functional benefits (Sheth *et al.*, 1991).

#### **2.9.3.1.3 Social Value**

Social value refers to the perceived utility individuals acquire by consuming products or services recognised within their own social group(s) which may significantly affect the evaluation and propensity to purchase or consume luxury brands (Kim, 1998). Similarly, social value is also defined as people's desire to possess luxury fashion brands that may serve as symbolic markers of group membership (Vigneron & Johnson, 2004, Kim *et al.*, 2010). Consumers may use luxury brands to conform to their professional position or to demonstrate their social status (Nia & Zaichkowsky, 2000). For example, a person may use a prestige brand during the week to conform with their professional position, and use a modest brand during the weekend to match social standards of his/her neighbourhood. Deng *et al.* (2010) view social value as the benefits users can feel when they are connected to others by using luxury brands.

Previous researchers proposed beauty fashionability, sociability, psychological risk, social risk and expression of personality as the factors that comprise social value (Park & Park, 2003). Vigneron and Johnson (2004) identified the extended-self as a personal perception of luxury brands and conspicuousness as a non-personal perception. Both are seeking social representation by expressing and positioning consumer social status. Similarly, choices involving highly visible luxury products (e.g. jewellery) and goods or services to be shared with others (e.g. gifts used in entertaining) are often driven by social value



(Sheth *et al.*, 1991). For instance, a particular make of luxury handbag may be chosen more for the social image evoked than for its functional performance.

Wiedmann *et al.* (2009) investigated that conspicuousness value and prestige value make an important contribution to social value in luxury consumption. More recently, Kim *et al.* (2010) proposes a social value measurement, capturing an image of financial achievement, sophistication, high social standing, being respected and appropriately matched with the luxury brand. Individuals want to possess luxury goods to impress others with the desirable status that luxury goods represent. Less wealthy consumers purchase a small number of luxury goods each year to be accepted by the wealthy (Husic & Cicic, 2009). In Chinese society people need commitment to identify with their peers (Phau & Prendergast, 2000b) because within the same social class or reference group people conform to behave appropriately (Tse, 1996). Wang *et al.* (2011) found a significant relationship between Chinese consumers who value luxury goods and social comparison.

#### **2.9.3.1.4 Symbolic Value**

The opportunity to positively show attained high level of living and increased assimilation into chosen social settings that represent traits of a brand's symbolic value, these being underpinned by consumer perceived image and associated personal experiences (Tsai, 2005). This definition has resonance with the work of Wiedmann *et al.* (2009), who provide credibility to the role of self-identify as a value dimension. Earlier, Vigneron and Johnson (1999) pointed out that luxury brands afforded their consumers a signal of status and wealth. More recently, evidence supports product conspicuousness and relative expense defining symbolic value, combined with product positioning toward relatively wealthy societies, as the most crucial symbolic value component (Hung *et al.*, 2011).

According to Berthon *et al.* (2009), symbolic value has two aspects: the value a luxury brand signals to others, and the value of that signalling to the signaller. For example, a Ferrari may signal wealth, prestige and performance, and it can be used to establish and reinforce the owner's self-image as well. Similarly, Max Mara clothing might signal the wearer's wealth as well as their edgy, *au courant* taste to others. As Keller (1999) indicated, for brands whose core associations are primarily non-product-related attributes and where benefits are symbolic, relevance in user and usage imagery is critical. He also

argues that symbolic benefits are especially relevant for socially visible badge products (Aaker, 2004).

The early work on conspicuous consumption (Veblen, 1995) suggested that a consumer considers reference group influences when publicly consuming luxury products. The consumption of luxury brands may be important to individuals in search of social representation and position (Vigneron & Johnson, 2004). This means that social status associated with a brand is an important factor in conspicuous consumption. In terms of influence, consumers who perceive price as a representative of quality often perceive high price as an indicator of luxury (Lichtenstein *et al.*, 1993). In fact, if luxury products are not priced high, they lose their rarity and exclusivity characteristics (Dubois & Duquesne, 1993a). In some ways, higher price drives a consumer to feel superior as one of the few who can afford to buy the product (Dubois & Duquesne, 1993a). Meanwhile, these consumers see themselves in association with a similar reference group consumer who can afford higher priced products. In their exploratory study of roles of income and culture in the acquisition of luxury goods, Dubois and Duquesne (1993a) found that some consumers are motivated by a desire to impress others. With the ability to pay high prices, this form of consumption of luxury goods becomes a display of wealth (Truong *et al.*, 2008). Therefore, the measure of conspicuousness includes items such as “extremely expensive” or “for wealthy” that tap into perceptions of price and social status associated with the brand (Vigneron & Johnson, 2004). There are different maturity markets within the developed Asian economies with respect to luxury brand acceptance. The luxury market in mainland China is recently positioned at the “show off” stage, compared with other economies that have moved to “fit in”, or like Japan positioned at the “way of life” stage (Chadha & Husband, 2006).

#### **2.9.4 Effect of Luxury Customer Value on Brand Commitment**

Most literature has confirmed that there is a direct effect of luxury brands value on brand loyalty (Sirdeshmukh *et al.*, 2002; Kwun & Oh, 2004; Caruana & Ewing, 2009). This effect is present at different stages in the life cycle of a product in spite of other variables which reportedly mediate the effect of customer value on brand loyalty intentions (Johnson *et al.*, 2006), and customer value may mediate the effect of other variables on purchase intention and willingness to buy (Sweeney *et al.*, 1999; Oh, 2000).

In consumer consumption literature, few studies have examined the association between aspects of the luxury customer value and commitment (Sinha & DeSarbo, 1998). Recent evidence by Tsai, (2005) and Han and Sung (2008) provided direct support for the causal link between the value of a product's brand and future behavioural intentions, characterised as repurchase intention. Furthermore, Gundlach *et al.* (1995) and Chaudhuri and Holbrook (2002) have confirmed that brand commitment occurs when long-term purchasing behavioural has been established. In line with this, the author proposes that if a customer has reached a high level of the functional benefits (e.g. value for money or excellent quality) or received the good performance of a branded luxury product, s/he has a high probability to purchase this product. Given the evidence in presented literature for the link between brand value and brand loyalty, the expectation is that the relationship between luxury customer value and brand commitment will also hold in the luxury consumption context. The intangible value of luxury branding includes the psychological response that consumers exhibit toward luxury brands that leads to an emotional attachment to specific brands and their products and services (Okonkwo, 2007). With a long period of purchasing luxury brands, consumers might create emotional attachment to a specific brand. When luxury consumer value is accepted by customers there will be more commitment to the brand, as consumers are more able to maintain positive beliefs, attitudes and behaviours. Luxury customer value not only enhances the brand trust and brand affect effects, but boosts brand commitment. The researcher expects that the relationship described in the previous hypothesis is luxury consumer value has an effect on brand commitment. Consequently, the author proposes that:

H4a: Luxury customer value has a positive impact on brand commitment for luxury brands.

### **2.9.5 Effect of Luxury Customer Value on Behavioural Intentions**

The association between customer perception of luxury value and their resultant purchase intentions has been demonstrated as both significant and positive in various recent luxury consumption studies. For example, the role of functional value in positively enhancing purchase intentions is identified by Hung *et al.* (2011) and Shukla and Purani (2012). The quality of a luxury product significantly increases the purchase motivation and affects consumers' purchasing decisions (Vigneron & Johnson, 1999; Park & Park, 2003), further permitting increases in the selling prices that consumers are willing to meet (Netemeyer *et al.*, 2004; Li *et al.*, 2012). In the mature luxury markets, product quality represents a

dimension of functional value, having greater influence on purchase intention than the social and symbolic aspects (Amatulli & Guido, 2011). Choo *et al.* (2012) also demonstrate a direct impact of excellent quality on future use and purchasing consideration priorities, where excellence defines an amalgamation of characteristics including sophistication in production, craftsmanship and durability.

Emotional value comprises various individual-centric emotions. These include being positively predisposed toward the brands, gaining enjoyment through ownership and actively using these luxuries. These emotional attitudes represent the level of purchase-driven pleasures (Sweeney & Soutar, 2001). Equivalence to these emotional characteristics has endorsement within various South East Asian studies (Tsai, 2005; Bian & Forsythe, 2012). For the retailer, the creation of any positive consumer emotions is understandingly beneficial, potentially leading to various tangible outcomes including increasing future engagement and brand re-purchase, this being applicable to the Chinese context (Bian & Forsythe, 2012; Zhan & He, 2012; Zhang & Kim, 2013). Li *et al.* (2012) further recognise emotional value as underpinning consumer predisposition to paying price premiums for luxury brands. The impact of social value on purchasing intentions has established recognition; Vigneron and Johnson (2004) demonstrated that social meaning encourages luxury brand re-purchase because consumers may use luxury brands as a vehicle for distinguishing themselves from others, as well as integrating the symbolic meaning derived from the brand into their own identity (Turunen & Laaksonen, 2011).

Hung *et al.* (2011) more recently identified the linkage between social value and purchase value in the area of luxury fashion brands. Zhang and Kim (2013) demonstrate that the role of social comparison alongside certain antecedents impacts on purchase intention in the Chinese context. The ability of social value to encourage the consumers to pay higher prices has been assessed empirically by O'Cass and Choy (2008) and Li *et al.* (2012), with brands acting as a status or success symbol behaving positively in encouraging consumers to pay more relative to what they would be prepared to pay for competitor products.

The desire of individuals to conform to affluent lifestyles or to be distinguished from non-affluent lifestyles impacts on luxury-seeking behaviour (Solomon, 1983; McCracken, 1986). Nia and Zaichkowsky (2000) suggested that consumers signalled their social position or class with luxury brands, hence the pursuit of well-known luxury brands carrying certain symbols takes a particular importance. Further to this, Tsai (2005) indicated that symbolic

value has a significant role in enhancing consumer purchase intention, while believing that if quality and value relative to cost are in place, there is positive effect on future consumer behaviour (Netemeyer *et al.*, 2004). Moreover, O'Cass (2004) used materialism in his study to facilitate an understanding of symbolic value. Because markets for luxury goods are at a formative stage in emerging economies such as China, symbolic value carries a relatively great significance in encouraging consumer willingness to pay price premiums (van Kempen, 2004), external exhibitions of wealth dominating equivalent inner feelings of enjoyment (Kapferer & Bastien, 2009). As luxury markets move toward great maturity, confident and elite consumers become much more visible and symbolic value may have a much less significant role to play, especially compared with other value-based antecedents (Hung *et al.*, 2011). From literature related to value, the following hypotheses are proposed:

H4b: Luxury customer value has a positive impact on purchase intentions for luxury brands.

H4c: Luxury customer value has a positive impact on willingness to pay a price premium for luxury brands.

## **2.10 Chapter Summary**

This literature chapter began by asserting that brand plays an important role in the desire to dominate markets. The differentiation between product and brand is revealed in the following section. A product is a problem solver, whereas a brand is a differentiating device, a means of differentiation by adding/creating value, a symbolic device, a financial asset and moving from product brand to corporate brand. The five identified brand conceptualisations is comprehensively represented in Table 2.2. Of the many concepts and definitions on branding which have been developed since the 1980s, the focus here has been on the concepts of luxury brands which underpin much of the literature on luxury consumption behaviour. Because the focus of this study is on luxury brands, the branding literature which specifically addresses this area has been explored. The developments in the literature on luxury branding have been reviewed in this chapter. A systematic development of luxury brands theory was introduced at the beginning of this part. Numerous concepts and definitions of luxury brands have been widely reviewed in the different research contexts. Since luxury goods have crossed almost all types of consumer goods (Figure 2.2), justifications have been provided for choosing three types of luxury product (i.e. leather good, watches and jewellery, perfume and cosmetics) in this study.

As luxury brands have multidimensional features, different researchers have used different approaches to define the dimensions of luxury brands. After the researcher reviewed published luxury brands studies between 1990 and 2010, luxury brand in this study is defined as a branded product that is crafted, unique, premium, conspicuous and well known internationally. This definition has included several scholars' work – Okonkwo (2007), Berthon *et al.* (2009) and Han *et al.* (2010). Brand commitment is the core concept of the consumer-brand relationship in marketing theory and practice (Morgan & Hunt, 1994; Sung & Campbell, 2009).

Research Objective 2 is to examine brand commitment and its antecedents on consumer purchase intentions toward luxury brands, using various validated theoretical models to better understand the underlying processes of brand commitment involved. Thus, it is necessary to investigate the question of whether the four antecedents (brand affect, brand image, brand trust and luxury customer values) are significantly and positively related to the brand commitment in the context of buying luxury brands. Literatures of the central dimensions of brand commitment and its antecedents, based on relevance to the Research Objective 2 and 3, have been reviewed in this chapter. The main findings suggest that:

- Brand commitment is defined as an average consumer's long-term, behavioural and attitudinal disposition toward a luxury brand (Chaudhuri & Holbrook, 2002). It includes two major components in this study: affective commitment and continuance commitment.
- Brand affect has been identified as the first antecedent of brand commitment. This research stands by the Chaudhuri and Holbrook (2001, 2002) proposition that as brand affect increases, brand commitment also increases.
- The second antecedent is brand image comprises two dimensions: cognitive brand associations and emotional brand associations (Alimen & Cerit, 2010). This study proposes that brand image has positive impacts on brand commitment in the context of buying luxury brands.
- Brand trust has been recognised as the third precursor that lies at the heart of the consumer-brand relationship model presented by Morgan and Hunt (1994). Based on

numerous empirical studies hypothesising that brand trust positively impacts on brand commitment, this study confirms the association in luxury brand consumption behaviour.

- The last antecedent is luxury customer value, composed of functional value, emotional value, social value and symbolic value. The author expects that delivery of high luxury customer value will in turn result in brand commitment.
- The summary of all these hypotheses is as following:

H1a: Brand affect has a positive impact on brand commitment for luxury brands.

H1b: Brand affect has a positive impact on purchase intentions for luxury brands.

H1c: Brand affect has a positive impact on willingness to pay a price premium for luxury brands.

H2a: Brand image has a positive impact on brand commitment for luxury brands.

H2b: Brand image has a positive impact on purchase intentions for luxury brands.

H2c: Brand image has a positive impact on willingness to pay a price premium for luxury brands.

H3a: Brand trust has a positive impact on brand commitment for luxury brands.

H3b: Brand trust has a positive impact on purchase intentions for luxury brands.

H3c: Brand trust has a positive impact on willingness to pay a price premium for luxury brands.

H4a: Luxury consumer value has a positive impact on brand commitment for luxury brands.

H4b: Luxury customer value has a positive impact on purchase intention for luxury brands.

H4c: Luxury customer value has a positive impact on willingness to pay a price premium for luxury brands.

In Chapter 3, the Theory of Reasoned Action (TRA) model will be introduced, alongside the justifications for using it in the present study in order to explore luxury consumers' consumption behaviour. In addition, purchase intention and willingness to pay a price premium will be identified as two main consequences of brand commitment in this PhD study.

## **CHAPTER 3: LITERATURE REVIEW (II) REVIEW OF THE LITERATURE ON THE CONSEQUENCE FACTORS OF BRAND COMMITMENT**

### **3.0 Overview of Chapter**

Chapter 2 reviewed the associations between brand commitment and its antecedent factors on luxury consumption buying behaviour. The specific objectives of this chapter are to critically review the consequence of brand commitment (Research Objective 1). The associations between antecedent factors of brand commitment and two major consequence factors of brand commitment are also clarified in this chapter (Research Objective 3).

This chapter aims to provide an understanding of the purchase intention and willingness to pay a price premium in relation to Chinese consumers' consumption behaviour toward Western luxury brands. It begins to review the concepts and definitions of purchase intentions (section 3.3.1), measuring approach (section 3.3.2) and reveals an association between purchase intentions and brand commitment (section 3.3.3). Definitions of willingness to pay and measuring techniques are discussed as well (section 3.4). Measuring techniques, further discussed below, as a more appropriate approach to measure the willingness to pay in the study (section 3.4.1). In addition, associations between willingness to pay with brand commitment and purchase intentions are presented respectively (section 3.4.2). It also presents a conceptual model and the hypotheses developed for the study (section 3.5). Finally, a chapter summary is provided (section 3.6). A structure of a literature review (II) for this chapter is shown below in Table 3.1.



Table 3.1 Structure of a Literature Review (II)

|             |   |   |   |
|-------------|---|---|---|
| Section 3.0 | <b>Overview of Chapter</b>                                    |   |   |
| Section 3.1 | <b>Introduction</b>   |   |   |
| Section 3.2 | <b>Theoretical Approaches to Purchase Intentions Research</b> | Section 3.2.1                                   | Theory of Reasoned Action on luxury brand consumption   |
| Section 3.3 | <b>Concept of Behavioural Intention</b>                       | Section 3.3.1<br>Section 3.3.2<br>Section 3.3.3 | Definition of purchase intentions<br>Measuring purchase intentions<br>Effect of brand commitment on purchase intention  |
| Section 3.4 | <b>Defining Willingness to Pay a Price Premium</b>            | Section 3.4.1<br>Section 3.4.2<br>Section 3.4.3 | Technique for measuring the willingness to pay<br>Effect of brand commitment on willingness to pay a price premium<br>Effect of willingness to pay a price premium on purchase intentions |
| Section 3.5 | <b>Conceptual Model</b>                                       |   |   |
| Section 3.6 | <b>Chapter Summary</b>  |   |   |

### 3.1 Introduction

Different researchers have developed models to explain consumer behavioural intention, and many theories have been proposed to explain consumer behavioural intention to purchase luxury products. For instance, Hung *et al.* (2011) adopted the Theory Reasoned Action (hereafter TRA) model and Brand Luxury Index framework (Vigneron & Johnson, 2004) to explore the antecedents of luxury brand purchase intention. More recently, Bian and Forsyth (2012) successfully merged the TRA model (Fishbein & Ajzen, 1975) and Cognitive-Affective Model of Buying Intentions model (Zajonc & Markus, 1982; Li *et al.*, 1994) with Functional Theory of Attitude (Katz, 1960) in their research to understand Chinese luxury consumer consumption behaviour. In addition, Zhan and He (2012) adopted the TRA model (Fishbein & Ajzen, 1975) and Need for Uniqueness theory (Tian *et al.*, 2001) to investigate the underlying motivation for luxury consumption among Chinese consumers. Furthermore, Shukla & Purani (2012) adapted the luxury customer value framework from the earlier work by Tynan *et al.* (2010) to investigate the luxury customer value perception on luxury goods purchase intentions. These various models explain intention and behaviour, the basic TRA model can be adapted for this study, to understand consumer purchase intentions, will be reviewed in this chapter.

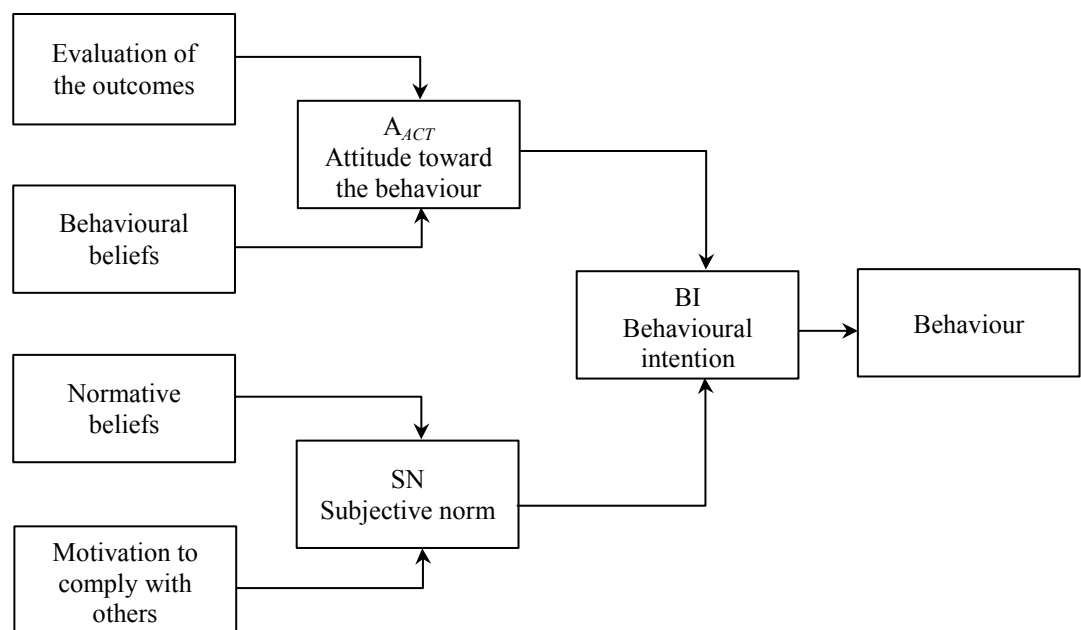
## 3.2 Theoretical Approaches to Purchase Intentions Research

To address Chinese consumer motivation for luxury consumption, a growing number of studies have explored Chinese consumer purchase behaviour utilising the TRA model (Fishbein & Ajzen, 1975). In this section, the most commonly used purchase behaviour model, the TRA model, will be reviewed. In addition, the advantages or disadvantages and usefulness of each approach related to this study will be discussed.

### 3.2.1 The Theory of Reasoned Action on Luxury Brand Consumption

Fishbein (1967) developed the TRA model through an effort to understand the relationship between attitudes and behaviour. TRA asserts that the most important determinant of behaviour is behavioural intention (BI), and that intention is determined by the attitude toward performing the behaviour and the subjective norm (SN) associated with the behaviour (Fishbein & Ajzen, 1975; Fishbein & Ajzen, 2010). Attitude mediates between belief and intention, although belief can also have a direct effect on intention. The model represents a comprehensive integration of attitude components into a structure that is designed to lead to both better explanations and better predictions of behaviour (Schiffman *et al.*, 2009). The factors influencing behaviour are shown in Figure 3.1 below.

Figure 3.1 Theory of Reasoned Action



Source: Fishbein and Ajzen (1975, p. 16)

In this theory, a person's BI – a person's subjective likelihood of engaging in a given behaviour – is determined by two factors (Fishbein & Ajzen, 1975). Factor one is the individual's attitude toward the act of buying behaviour ( $A_{ACT}$ ) and its impact on intended behaviour rather than only the attitude toward the brand itself.  $A_{ACT}$  consists of an overall favourable or unfavourable evaluation (a predisposition or feeling) about performing the behaviour, and a belief that particular behaviour leads to a certain outcome. The second factor, SN, refers to the person's perception of the social pressures placed on him/her to perform or not perform the behaviour in question. SN reflects a person's motivation to comply with the attitude of various reference groups and family. SN includes two components: the intensity of a normative belief that others think an action should be taken or not taken, and the motivation to comply with that belief (Fishbein & Ajzen, 1975). Social value was conceptualised, as the individuals' consumption behaviour towards luxury product acceptance by their own social groups (see Section 2.9.3.1.3, Chapter 2). Particularly, people in a collectivist society, their social identification and group value, seek collective interdependence and are obliged to conform to social norms (Brewer & Chen, 2007). For instance, because Chinese culture places emphasis on collective identity and maintenance of social groups esteem, they emphasise public reputation through the display of luxury brands. Thus, possession of luxury brands implies their position in society and the reference group to which they belong. For example, a consumer may purchase a brand, which confers a psychological benefit, due to his belief that his peer group will look favourably on that action. In this sense, perceived social pressure impacts on behaviour.

The TRA model refers to a person with certain beliefs upon which they form an attitude about a certain object, on the basis on which he/she forms an intention to behave with respect to that object (Bian & Forsythe, 2012). Therefore, an individual behavioural intention is determined by the individual's attitude. The intention to behave is the prime determinant of the actual behaviour (Fishbein & Ajzen, 1975; 2010).

The theories may be very useful in investigating China's luxury consumers purchasing behaviour. The TRA model deals well with the fundamental motivational predictors of intention when behaviour is volitional or, in other words, where nothing interferes with the motivation-to-behaviour linkage (Ajzen & Madden 1986). Sheppard *et al.* (1988) disputed that researchers are often interested in situations in which the target behaviour is not completely under the consumer's control. However, Sheppard *et al.* (1988) also stated that

actions that are at least in part determined by factors beyond an individual's volitional control fall outside the boundary conditions established for the model. For example, a consumer may be prevented from buying groceries online if the consumer perceives the purchase process as too complex or if the consumer does not possess the resources necessary to perform the considered behaviour.

Theory of Planned Behaviour (TPB) model is an alternative approach to predicting intentions and behaviour (Ajzen, 1991). It is an extension of the TRA model (Fishbein & Ajzen, 2010); the TPB model depicts attitudes toward the behaviour along with the impact of relevant reference people (the subjective norm) and the perceived control a customer has over the behaviour under study (perceived behavioural control), formation of intention; which in turn results in behaviour. Most empirical applications of the TPB attempt to explain from a psychology perspective newly introduced behaviour (Armitage & Conner, 2001), and also from marketing, such as in health and organic food sector (Arvola *et al.*, 2008). However, examples of the use of the TPB in a luxury consumption context are limited. Another widely used model to predict buying behaviour is the Technology Acceptance Model (TAM); the belief-attitude-intention-behaviour causal relationship for explaining and predicting technology acceptance among potential users (Davis, 1998). The TAM model has been used in various technology-related contexts (Ha & Stoel, 2009). As this PhD study does not include any technology to predict and explain human behaviour, this model has not been adopted in this study.

Teich (2001) suggested that the strength of TRA lies in its ability to demonstrate how particular internal and external factors interact, which in turn explains why people will or will not perform the general behaviour. He also cites multiple empirical studies showing TRA's ability to accurately predict behaviour in diverse situations (Teich, 2001). The TRA model has been proven remarkably robust in various settings (Gentry & Calantone, 2002). The TRA model has also been criticised, as it does not consider situations where a behaviour is not completely under an individual's control (Thompson *et al.*, 1994). The model has been widely applied to luxury brand studies related to consumer intention and has been revealed to have good predictive powers (Summers *et al.*, 2006; Jin & Kang, 2011; Bian & Forsythe, 2012; Yoo & Lee, 2012; Zhang & He, 2012; Zhang & Kim, 2013).

For example, Summers *et al.* (2006) investigated the affluent female consumer's purchase intention of a controversial luxury product – apparel made with American alligator leather

– by using the TRA model. Results indicated that consumer attitude toward the buying behaviour was a highly significant influence on their purchase intention. The more favourable the respondent's attitude was toward the behaviour, the higher the purchase intention. The subjective norm was also highly significantly related to purchase intention. The stronger the respondent's perception of social pressure on her to buy American alligator leather apparel, the more likely she was to purchase the product. In addition, two of the external variables – fashion involvement and social acceptance – were significantly positively related to purchase intention. Finally, the purchase intention was significant in explaining 49% of the variance of the dependent variables.

Later, Bellman *et al.* (2009) used the TRA model to examine how attitudes and beliefs affect buying intentions and how these intentions influence the growing appeal of do-it-yourself fashion accessory purchases among young females. The findings found that fashion accessory buying intentions among young female shoppers were strongly affected by their attitudes toward purchasing fashion accessories. In addition, results show that young female consumers' subjective norm positively impacted on purchase intentions for fashion accessories. Further, Yoo and Lee (2009) assessed the efficacy of the TRA as a predictor of luxury counterfeits consumption. The findings demonstrate that Chinese consumer purchase intention toward the luxury fashion counterfeits is predicted by a positive attitude toward buying counterfeits from three combined benefits: economic benefits, hedonic benefits and materialism. In addition, the results show that past purchase experience of counterfeits positively impacts on the purchase intention toward the luxury intention counterfeits. Overall, past purchase behaviour is the strongest antecedent of purchase intention of counterfeits. This could be explained by the strong brand equity of luxury fashion brands that has been established over the years and provides a stable image and prestige which would consequently make consumers rely heavily on their habit of purchasing luxury fashion brands. More recently, Yoo and Lee (2012) explained the effect of past experiences with counterfeit luxury brands on the purchase intention for counterfeit luxury brands by using the TRA model. The results supported Yoo and Lee's (2009) findings – past experiences with counterfeit luxury brands were positively related to purchase intention to buy counterfeit luxury brands.

More recently, Bian and Forsythe (2012) applied the TRA model to examine the effects of individual characteristics and brand-associated variables on Chinese consumer purchase intention for luxury brands. The findings found that consumers' affective attitude strongly

positively impacted on their purchase intention of luxury brands. Results show the Chinese consumers' affective attitude also has a dominant and powerful influence on consumer purchase intention as it plays a mediating role between social-function attitudes and purchase intention. Furthermore, Zhan and He (2012) adopted the TRA model to investigate the underlying motivations for luxury consumption among Chinese middle-class consumers by testing the relationship between psychological traits and attitudes toward Western luxury brands. Results showed a positive relationship existing between brand attitude and purchase intention, indicating that higher evaluation leads to higher purchase likelihood. Zhang and Kim (2013) also explained the attitude of the Chinese toward purchasing luxury fashion goods and purchase intention by applying the TRA model. Results of the analysis revealed attitudes toward purchasing luxury fashion goods were positively related to purchase intention toward luxury fashion brands.

The main objective of this PhD work is to determine the relative influence of factors affecting Chinese consumer purchase intention toward luxury brands. For luxury brand consumption, beliefs can be considered as brand affect, brand image, brand trust and luxury customer value (Bian & Forsythe, 2012; Zhang & He, 2012). Further, brand commitment can be determinates of luxury brand consumption behaviour (Chaudhuri & Holbrook, 2002; Albert *et al.*, 2013); therefore brand commitment will have a positive effect on customers' purchase intention toward luxury brands. In this PhD study, the research will extend the TRA model to hypothesise that brand commitment are mediators for a relationship between antecedents of brand commitment (brand affect, brand image, brand trust and luxury customer value) and luxury brand purchase intention (purchase intention and willingness to pay a price premium).

### **3.3 Concept of Behavioural Intention**

Although the ultimate goal is to predict and understand an individual's behaviour, the TRA theory focuses on the influences of relevant factors on the behavioural intention, and the intention to perform or not perform a behaviour is viewed as the immediate determinant of the actual buying action (Summers *et al.*, 2006). The indicators of behavioural intention are the final set of items included in the analysis. Customer behavioural intentions are signals of actual purchasing choice, and thus are desirable to monitor (Zeithaml *et al.*, 1996). There are different concepts of behavioural intention in the literature. Theory suggests that increasing customer retention, or lowering the rate of customer defection, is a major key to

the ability of a service provider to generate profits (Zeithaml *et al.*, 1996). Zeithaml *et al.* (1996) have emphasised remaining loyal to them (i.e. repurchase from them) and paying price premiums as two favourable behavioural intentions associated with the ability of service providers to produce profits for their customers. This study focuses on two specific behavioural intentions – purchase intention and willingness to pay a price premium for luxury brands – which have direct and critical influences on luxury brand performance (Zeithaml *et al.*, 1996; Ailawadi *et al.*, 2003). Blackwell *et al.* (2006, p. 410) also stressed that an alternative approach to “predicting consumer behaviour involves asking consumers what they intend to do”. Intention is denoted by directly asking whether the person intended to do certain behaviour within a time period in the near future. Intention is also the immediate determinant of behaviour, and when an appropriate measure of intention is obtained it will provide the most accurate prediction of behaviour (Ajzen & Fishbein, 1980, p. 41). Several types of behavioural intentions are presented below in Table 3.2.

Table 3.2 Category of Behavioural Intentions

| Behavioural Intentions | Definition   |
|------------------------|--|
| Consumption intentions | Represent consumers’ intention to engage in a particular consumption activity.     |
| Purchase intentions    | Represent what consumers think they will buy.                                      |
| Repurchase intentions  | Indicate that whether consumers anticipate buying the same product or brand again. |
| Search intentions      | Indicate consumers’ intention to engage in external search.                        |
| Shopping intentions    | Capture where consumers plan on making their product purchase.                     |
| Spending intentions    | Reflect how much money consumers think they will spend.                            |

Source: Adapted from Blackwell *et al.* (2006, p. 411)

As a substitute, willingness to pay a price premium has also been used as an indication of behavioural intention in the empirical studies (Pouta & Rekala, 2001; O’Cass & Choy, 2008; Li *et al.*, 2012; Miller & Mills, 2012b). The behavioural intention in the TRA model is viewed as the key factor to predicting actual consumer buying behaviour. Therefore, this study focuses on using purchase intention to predict the Chinese consumer buying behaviour toward luxury brands. An individual Chinese consumer exhibiting higher purchase intention and willingness to pay a premium price is more likely to stay longer with the luxury brand retailer and have lower sensitivity to price changes. Particularly, researchers identified the critical role of premium price as a favourable characteristic of

customer commitment and also as an important contributor to firm revenue (Kumar *et al.*, 2003; Bendixen *et al.*, 2004).

### **3.3.1 Definition of Purchase Intentions**

To understand consumer purchase intention is very important because consumer behaviour can be predicted by their intention (Dodds *et al.*, 1991; Bai *et al.*, 2008; Bian & Forsythe, 2012). In early work, Bagozzi *et al.* (1979) defined purchase intentions as personal action tendencies relating to the brand. Intentions are distinct from attitudes (Spears & Singh, 2004). While attitudes are summary evaluations, intentions represent “the person’s motivation in the sense of his or her conscious plan to exert effort to carry out a behaviour” (Eagly & Chaiken, 1993, p. 168). In line with this, Spears and Singh (2004) defined purchase intentions are an individual’s conscious plan to make an effort to purchase a brand. Based on the argument of Ajzen (1991), purchase intention can also be defined as the probability associated with an intention category at the percentage that the individual will actually buy a product. Purchase intention, encompassing measures of ongoing engagement with the brand through repeat or additional purchase, represents an alternative consumer outcome. Additionally, purchase intention is defined as a consumer tendency to purchase the brand routinely in the future and resist switching to other brands (Yoo, 2000). For example, consumers may purchase a brand when they perceive the brand offers the right product quality or features. As reflected by the Yoo *et al.* (2000) definition, the perception of high quality may lead consumers to recognise the differentiation and superiority of a particular brand and thus encourage them to choose that brand over competing brands.

There is a distinct definition of purchase intention in different contexts or in different studies. In the online shopping context, purchase intention is defined as strength of the consumer’s purchasing behaviour via the e-commerce environment (Ling *et al.*, 2010). Dodds *et al.* (1991) successfully adapted the willingness to buy indicator construct as the purchase intention to measure the price-perceived, quality-willingness to pay relationship. More recently, in their luxury consumption behaviour study, Bian and Forsythe (2012) merged the work of Dodds *et al.* (1991) to include willingness to purchase in their study to measure Chinese luxury consumer purchase intention. Therefore, the researcher adopted Ajzen’s (1991) definition of purchase intention and Bian and Forsythe’s (2012) measurement in this PhD study.



As a necessary measure in understanding brand loyalty/commitment, purchase intentions have been considered essential in the loyalty construct (Jacoby & Chestnut, 1978; Dick & Basu, 1994). However, Jacoby and Chestnut (1978) questioned that the behavioural-based loyalty has failed to distinguish between true loyalty and spurious loyalty (Jacoby & Chestnut, 1978). Intentional measures can be more effective than behavioural measures in capturing the consumer's mind because customers may make purchases due to constraints instead of real preferences (Day, 1969). To examine consumer behavioural patterns, purchase intention can be used to predict actual behaviour (Fishbein & Ajzen, 2010). Purchase intention is reportedly correlated to actual buying behaviour and this relationship has been empirically tested in luxury consumption behaviour in the Chinese luxury market (Hung *et al.*, 2011; Bian & Forsythe, 2012). Therefore, purchase intention has been taken as a predictor of future purchase (Dodd *et al.*, 1991) in this PhD study.

### **3.3.2 Measuring Purchase Intentions**

There are several ways to measure purchase intentions, such as measuring the expressed intention to purchase using a scale composed of several positively worded statements of performing a specific behaviour. Thompson and Thompson (1996) suggested that intention could measure as a probability or likelihood of performing the certain behaviour. For example, Barber *et al.* (2012) succeed in measuring the purchase intention of environmentally friendly products by using a scale comprising some positively worded statements relating to environmentally responsible behaviours. In addition, in luxury branding context Summers *et al.* (2006) and Bian and Forsythe (2012) adapted the seven-point Likert scales with positively worded statements of buying behaviour to measure luxury brand purchase intention.

Sometimes habit is more powerful than willpower (Warshaw & Davis, 1985). A more realistic assessment might be obtained by measuring behavioural expectations. Behavioural expectations represent the perceived likelihood of performing a behaviour. Fishbein and Ajzen (2010) argued that although attitudes toward an object (e.g. attitudes toward a brand), may not be good predictors of specific acts, attitudes toward performing a given behaviour with regard to an object (e.g. attitudes toward buying a particular brand in a given situation) will usually be related to the particular behaviour in question. Therefore, Fishbein and Ajzen (2010) suggested that researchers have to consider all contexts in which the

behaviour may reasonably occur and that they have to make their survey over a reasonable period of time.

Purchase intention measures have been frequently used to identify buying likelihoods for products within defined time periods (Brown *et al.*, 2001). Earlier research has indicated that consumers who report intentions to purchase a product possess higher actual buying rates than consumers who report that they have no intention of buying (Brown *et al.*, 2001). While it is accepted that purchase intention does not equate to actual purchase behaviour, it has been demonstrated that measures of purchase intention do possess predictive usefulness (Jamieson & Bass, 1989). Each of these behaviours include the four elements – action, target, context and time – and can be defined at various levels of generality or specificity (Fishbein & Ajzen, 2010).

The utility of measures of purchasing intention as predictors of behaviour has been empirically verified in a number of recent studies on luxury brand purchasing intention in the Chinese context (Jin & Kang, 2011; Bian & Forsythe, 2012; Li *et al.*, 2012; Zhang & Kim, 2013). Indeed, many firms who use intentions to buy in evaluating new product concepts, claim that these measures provide a useful predictor of actual purchases at the aggregate level. Although these findings suggest that there is a relationship between purchase intentions and behaviour, this link is based on the assumption that carrying out intentions is under the individual's control, and that expressed intentions are related to the individual's subsequent behaviour.

The strength of the relationship and thus the predictive accuracy of the purchase may vary depending on: (1) specificity of purchase intention (i.e., an intention to purchase a generic product vs. a particular item), (2) the novelty of the item, (3) the particular measure of purchase intention, and (4) the time between the measure of intentions and behaviour. Fishbein and Ajzen (2010) postulated that the more specific the measure of intention is to the behaviour that is to be predicted, the higher the intention-behaviour correlation will be. In operational terms, this implies that the correlation between a general measure and general behaviour (intention to buy a product–purchase of a product) will be higher than between a specific measure and specific behaviour (intentions to buy a specific style of a product–purchase of this style).

### 3.3.3 Effect of Brand Commitment on Purchase Intention

It has been evaluated in the extant literature that brand commitment positively impacts consumer purchase intention (Garbarino & Johnson, 1999; Gruen *et al.*, 2000; Musa *et al.*, 2005; Kim *et al.*, 2008). Morgan and Hunt (1994) theorised that trust and commitment are key mediating constructs in successful relational exchanges. Later on, Garbarino and Johnson (1999) explained the relationships of trust, commitment and future intentions. Because commitment involves potential vulnerability and sacrifice, it follows that consumers are unlikely to be committed unless brand trust is already established (Morgan & Hunt, 1994). Therefore, trust was considered as an antecedent of commitment. According to this theory, Garbarino and Johnson (1999) hypothesised that commitment positively impacts on consumers' future purchase intentions. Results showed that consumers' future intentions are determined by their commitment rather than their overall satisfaction. Kim *et al.* (2008) also found that resulting path coefficients provided strong evidence that brand commitment leads to the desired consumer's online shopping behaviour, especially future purchase intention.

Furthermore, the Keh and Xie (2009) study resulted in a proposed model with customer trust and customer commitment as the key intervening factors between corporate reputation and customer purchase intention and willingness to pay a price premium in the Chinese market. Brand commitment was demonstrated as having a significant impact on purchase intentions (Keh & Xie, 2009). The findings also showed customer commitment to be positively related to purchase intentions and willingness to pay a price premium. Therefore, brand commitment has similarly impacted on behavioural intentions (i.e. purchase intentions and willingness to pay a price premium) in this study. Another study also indicated that commitment has a positive relationship with behavioural intentions (Musa *et al.*, 2005). Based on the work of Zeithaml *et al.* (1996), the behavioural intentions construct comprised favourable intentions (repeat purchases, making recommendations, acts of price insensitivity and cross-buying) and unfavourable intentions (i.e., making complaints and product switching). Musa *et al.* (2005) posited that customers committed to an exchange relationship will engage in behaviours favourable to the firm. For instance, they may continue to shop through the same consumption channel and make multiple purchases over time. Consistent with this assertion, De Wulf and Odekerken-Schroder (2003) found that commitment has a positive significant effect on customer loyalty toward

the retailer, while Morgan and Hunt (1994) and Johnson *et al.* (2001) unveiled that relational commitment has a direct and negative effect on buyer defection intentions.

Brand commitment is defined as an emotional or affective attachment to a brand (Fournier, 1998). It is also considered as an attitudinal concept more than a behavioural concept (Bloemer & Kasper, 1995). Previous research suggests that the increased commitment leads to (1) repeat purchase behaviour (Bhattacharya, 1998; Garbarino & Johnson, 1999; Gruen *et al.*, 2000; Kim *et al.*, 2008), (2) positive word-of-mouth (Kim *et al.*, 2008), (3) greater customer involvement (Gruen *et al.*, 2000; McWilliam, 2000; Kim *et al.*, 2008), and (4) increased customer participation (Kim *et al.*, 2008).

This PhD study focuses on purchase intention. In line with this, it can be expected that the higher the brand commitment level to a luxury brand, the greater its potential to cause a positive emotional attachment in a Chinese consumer, and then to drive higher purchasing intention toward a potential luxury product. Based on prior discussion, the researcher assumes that brand commitment positively impacts on purchase intention. Therefore, the following hypothesis is proposed:

H5a: Brand commitment has a positive impact on purchase intentions for luxury brands.

### **3.4 Defining Willingness to Pay a Price Premium**

Another way to examine consumer behavioural intention is to assess their willingness to pay (hereafter WTP). In the international literature, one can find a large body of research regarding consumers' willingness to pay a premium price for environmental friendliness and/or quality/safety in food production (Krystallis & Chrysosoidis, 2005; Didier & Lucie, 2008; Kaya *et al.*, 2013), as well as for non-food products (Vlosky *et al.*, 1999). WTP refers to the maximum price a buyer is willing to pay for a product in relation to how much that buyer values the product (Kalish & Nelson, 1991; Wertenbroch & Skiera, 2002; Voelckner, 2006; Didier & Lucie, 2008; Franke & Schreier, 2008). WTP is also defined by a consumer's acceptance of paying extra money for a brand in excess of its utilitarian value (Netemeyer *et al.*, 2004) or competitive offerings in the marketplace. Each buyer would be eager to buy a product at a price less than his or her WTP, would refuse to buy the product at a price more than his or her WTP, and would be indifferent about buying the product at

a price exactly equal to his or her WTP. Thus, an individual's attitude and intention for a product can be measured by their WTP (Mankiw, 2006).

As stated, consumers' WTP is mostly used for environmental friendliness in food production (Fu *et al.*, 1999) as well as for non-food products (Vlosky *et al.*, 1999; Laroche *et al.*, 2001; Essoussi & Linton, 2010). An increase in WTP for environmentally friendly products may be just based on the price range that customers feel is fair for a product. An alternative explanation is that consumer perception of price and quality for environmentally friendly products is critical. Kahneman and Knetsch (1992) suggest that WTP estimates are not a measure of the economic value of the goods, but are expressions of a willingness to acquire a sense of moral satisfaction. The marketing practice of selling an elite product at a cost level above that of its competition is in order to make it appeal to more exclusive and wealthy consumers. One key reason for which consumers are willing to pay such a premium is to insure product quality (Rao & Bergen, 1992). A luxury brand producer producing a high-end product or service might add a price premium in order to attract more affluent customers that can afford to pay more for what they think will be a higher quality product.

Initially, a product's features determined the consumer's willingness to pay more, either intrinsic (product-related attributes – they cannot be changed without altering the physical properties of the product) or extrinsic (product-related attributes – price, brand name and packaging – they are not part of the product) (Monroe, 1990). Monroe (1990) offers a 'Price-Perceived Value' model that posits the willingness to pay more for a brand/product as a function of the total perceived value and quality of the brand/quality. In addition, Choice Theory<sup>10</sup> suggests the uniqueness of a price premium relationship (Tversky, 1972). The theory of choice offers an explanation as to the effectiveness of uniqueness as a core/primary customer perceived brand value facet (Netemeyer *et al.*, 2004). When faced with a choice among brands, features common to alternative brands may cancel each other out because they offer little diagnostic information toward preference (Dhar & Sherman, 1996). In contrast, unique features do offer diagnostic information by differentiating the brand from other brands. Given that consumers tend to be cognitive misers, the unique

---

<sup>10</sup>When faced with a choice among several alternatives, an effective understanding of consumer behaviour requires an analysis of whether choice occurs, as well as the relative preference among various alternatives (Kahneman & Tversky, 1979).

features offer a simplifying “heuristic”<sup>11</sup> for choosing among alternatives. Recent evidence supports this view, as unique aspects of a brand affected both preferences and the WTP a price premium for a brand (Kalra & Goodstein, 1998). Further, the unique aspects of a brand can affect the WTP a higher price for a brand (Kalra & Goodstein, 1998).

Price premium is defined as the sum consumers are willing to pay for a brand compared to other relevant brands and can be either negative or positive (Aaker, 1996). Price premiums are the excess prices paid over and above (or falls short of) the “fair” price that is justified by the “true” value of the product (Rao & Bergen, 1992; Vlosky *et al.*, 1999), and may indicate consumer demand for the product (Tse, 2001). This excess price has typically been viewed as the amount paid over and above all economic costs of manufacture (Rao & Bergen, 1992). Agarwal and Rao (1996) demonstrated that price premium was the measure that could best explain choice of brand at individual level. Therefore, price premium reflects the brand’s ability to command a higher price than its competitors (De Chernatony *et al.*, 2010) and is considered important for all types of brands, despite actual price position within a category. Price premiums are distinct from premium prices (prices that are considerably above average); for price premiums, economic profits are available to the seller during a specific transaction (though not necessarily over the life of the relationship), while for premium prices, economic profits need to be available to the seller. Consumers could be WTP extra in various circumstances. For example, for quality reasons such as perceived quality differential (Netemeyer *et al.*, 2004) or even quality illusion (van Kempen, 2004). Consumption on luxury brands are mainly attributed to consumers’ perceived product differentiation and product quality consciousness. Therefore, WTP a price premium for luxury products can be a good predictor of luxury goods demand.

### **3.4.1 Techniques for Measuring the WTP**

There are two widely adopted methods to measure WTP, which are the contingent valuation method and means-end chain model.

---

<sup>11</sup>In psychology, heuristics are simple, efficient rules which people often use to form judgements and make decisions (Kahneman *et al.*, 1982).

### 3.4.1.1 Contingent Valuation Method (CVM)

CVM provides an individual with hypothetical opportunities to purchase public goods in the absence of existing information pertaining to a real market. The purpose of CVM is to measure consumer surplus value for a product. Originally, the CVM was proposed by Ciriacy-Wantrup (1947), who was of the opinion that the prevention of soil erosion generates some “extra market benefits” that are public goods in nature and, therefore, one possible way of estimating these benefits is to elicit the individual’s willingness to pay for these benefits through a survey method (Hanemann, 1994; Portney, 1994). It is a direct survey approach that can be used to provide acceptable measures of the economic value of a product (Loomis & Walsh, 1997).

There are some advantages of using the CVM. Firstly, CVM is able to measure not only an individual’s WTP for the present condition of a product, but it also values their WTP with hypothetical changes to the product. Secondly, the researcher can develop a hypothetical market for the participating company to make an economic decision. In addition, the method is simple because it is a direct valuation approach which aims at stimulating preferences from experiments and questionnaires (Lee & Han, 2002).

However, the major criticism of CVM has been that stated WTP is a poor indicator of actual WTP (Diamond & Hausmann, 1994). The CVM as an approach has been used in previous studies for the evaluation of a consumer’s WTP for different product attributes, such as water quality improvement (Raje *et al.*, 2002), valuation of genetically modified food (Lusk *et al.*, 2005), and organic agricultural products (Gil *et al.*, 2000; Sakagami & Haas, 2012) as well as recycled products (Essoussi & Linton, 2010). Although the CVM remains the most popular method to estimate the WTP, it has been criticised for hypothetical bias – the hypothetical statements of value exceed actual values in CVM markets (List, 2003). Measuring the consumer’s WTP using a self-administrated survey can be challenging (Franke & Piller, 2004; Sichtmann & Stingel, 2007). With the contingent valuation method, respondents are asked to directly state their WTP for the product or service. Although the contingent valuation method is a relatively easy method, the external validity of this method could be limited and researchers suggest that this method is subject to the risk of overestimating actual WTP (Wertenbroch & Skiera, 2002; Franke & Piller, 2004). Therefore, it is meaningless to use these approaches if the

difference between intention and realised behaviour is due to using the approach. Thus, this method is not adopted in this current research.

#### **3.4.1.2 The Means-End Chain (MEC)**

MEC is a theory that “seeks to explain how a product or service selection facilitates the achievement of desired end states” (Fotopoulos *et al.*, 2003, p. 552). The theory focuses on hierarchical linkages between Means, the subsequent consequences for the consumer, and the End (Gutman, 1982). According to MEC, in the consumer behaviour context customers decide to purchase a certain product or service (Means) to achieve their desired values (End); the Ends are valued states of being such as happiness, security, and accomplishment (Fotopoulos *et al.*, 2003). The MEC refers to a hierarchical cognitive structure that relates consumers’ product knowledge to their self-knowledge (Walker & Olson, 1991). More specifically, the lower levels of a means-end hierarchy comprise relatively concrete knowledge about product attributes and their perceived linkages to the functional consequences of product use. These functional consequences may be associated with more abstract knowledge about the psychological and social consequences of product use. Therefore, MEC connects these psychological consequences to abstract self-knowledge about the consumer’s life goals and values. Consumers see products as more involving, to the extent that their product knowledge about attributes and functional consequences are connected, through MEC, to their self-knowledge about desirable psychological consequences and values (Walker & Olson, 1991).

The MEC approach is based on two fundamental assumptions about consumer behaviour. First, values defined as desirable end-states of existence play an important role in guiding choice patterns for a product. Second, consumers deal with the tremendous diversity of products that are potential satisfiers of their values by grouping them into sets or classes, so as to reduce the complexity of choice (Gutman, 1982). In addition to the product-class type, consumers are capable of creating categories based on product functions. It is important for consumers to reduce the complexity inherent in the multitude of alternatives with which they are faced. Although grouping is determined by the product or service attributes, the choice to be made is influenced by values (Gutman, 1982).

Furthermore, MEC theory and the laddering technique have been used to understand consumer brand purchase behaviour. Laddering is the most popular method for discovering



MEC approach (Reynolds & Gutman, 1988). Laddering has been applied to assist in the understanding of how consumers translate the attributes of products into personally meaningful associations (Reynolds & Gutman, 1988). There are two methods of laddering: using questionnaires (so-called “hard laddering”) and interviews (so-called “soft laddering”) (Russell *et al.*, 2004). Soft laddering, which utilises individual, face-to-face, semi-structured interviews to elicit consumers’ MEC, is the original and, to date, the most commonly used laddering method for researchers (Russell *et al.*, 2004). In the context of a soft laddering interview, consumers are prompted to ‘ladder’ their way up MEC to reveal in-depth information about the connections between products or product attributes and the consequences and values attributable to those products (Audenaert & Steenkamp, 1997). On the other hand, hard laddering is a quantitative approach. In hard laddering, a structured questionnaire is used to gather data on consumer MEC (Valette-Florence *et al.*, 2000; Russell *et al.*, 2004). The hard laddering methods uses a prior list (Audenaert & Steenkamp, 1997; Valette-Florence *et al.*, 2000; Fotopoulos *et al.*, 2003) pertaining to four levels of abstraction – attributes, physical consequences, psychosocial consequences and values – from which participants are required to choose appropriate constructs.

### **3.4.2 Effect of Brand Commitment on Willingness to Pay a Price Premium**

In the consumption context, WTP a price premium has been identified as one of the major variables in determining the purchase intentions (Li *et al.*, 2012; Miller & Mills, 2012a) and expected outcomes of brand commitment (Thomson *et al.*, 2005; Palmatier *et al.*, 2006; Albert & Merunka, 2013; Albert *et al.*, 2013). Drawing on Rusbult’s (1983) investment model, an individual’s emotional attachment to a person predicts their commitment to the relationship with this person. Commitment is defined as the degree to which an individual views the relationship from a long-term perspective and has a willingness to stay with the relationship, even making certain sacrifices to maintain this relationship (van Lange *et al.*, 1997).

In a marketing context, a relevant indicator of commitment is the extent to which the individual remains loyal to the brand (Garbarino & Johnson, 1999). To this extent, a valid consumer emotional attachment to a brand should predict their commitment to the brand and their’s WTP a price premium and to make financial sacrifices in order to obtain it (Thomson *et al.*, 2005). For instance, it would be unusual for a consumer with only a positive attitude toward a brand to stay committed to it (i.e. brand commitment) or WTP

for it if a more attractive alternative were introduced. In a similar vein, a strong emotional attachment is characterised by a perception that the brand is irreplaceable. In contrast, a consumer with a positive attitude toward a brand may be willing to replace it with another brand that has equally desirable features. Brand commitment also implies that the consumer will be WTP a price premium for the valued brand (Keller, 1993; Chaudhuri & Holbrook, 2002; Palmatier *et al.*, 2006). It has been well established that brand commitment influences on willingness to invest a price premium in a relationship (Allen & Meyer, 1990; Wetzels *et al.*, 1998; Fullerton, 2005). The robust findings indicate that the more a consumer values a brand, the more willing he or she is to accept a price increase (Aaker, 1996) because the loss of a committed brand would be costly in the form of sacrifice of emotional attachment and higher switching costs (Allen & Meyer, 1990; Louis & Lombart, 2010). Therefore, a consumer should accept a price increase because there are no other alternatives and he or she wants to continue to benefit from the positive emotions linked to the committed brand. Brand commitment similarly influences consumers' acceptance of a high price (Thomson *et al.*, 2005).

Recently, work of Albert *et al.* (2013) found that brand commitment largely impacts on the WTP more for the brand, while brand passion does not directly influence consumer acceptance of a higher price. The study also found that the influence of brand commitment on consumers' willingness to pay a premium is greater than the effect of brand love. The results revealed that consumers are WTP a price premium to stay and maintain this preference relationship with brands when they confront a lack of credible alternatives or develop positive brand personality judgements (Fullerton, 2005). Because brands have important meaning for consumers (Wallendorf & Arnould, 1988; Ahuvia, 2005), switching brands implies a loss of associated meaning.

In addition, means-end chain theory has been used to understand WTP a price premium as a potential direct antecedent of brand purchase behaviour (Netemeyer *et al.*, 2004). Numerous studies found consumers are more WTP extra for a symbolic brand or a brand with symbolic value (Johar & Sirgy, 1991; van Kempen, 2004; Wu & Hsing, 2006). Symbolic value refers to the benefits that a consumer may receive via possession or consumption of the branded product perceived as containing the required and assessed attributes. The attributes assessments may include superior quality, expensiveness, snob appeal, exclusivity, standard of excellence, association with wealth or success (O'Cass & McEwan, 2004). Such assessments in fact are based largely on consumers' assessment of

worth toward the brand – whether the extra money that a consumer is WTP is for the symbolic benefits or expressive value over the brand's functional benefits or utilitarian value is worth it. (Netemeyer *et al.*, 2004). It is such perceived values that have an effect on consumers' WTP a price premium (Wu & Hsing, 2006). In a consumption context, brand commitment primarily focuses on the affective, extremely positive attitude toward a specific brand that leads to emotional attachment and influences relevant behavioural factors. A committed consumer engages in an emotional relationship with the brand and misses the brand when unavailable (Matzler *et al.*, 2007). In a luxury consumption context, when Chinese consumers committed to a luxury brand they also engaged in positive WTP a price premium for this particular brand. Given the support in the literature for the relationship between brand commitment and WTP a price premium, the expectation is that the association will also hold in this study. The researcher has assumed brand commitment will positively influence WTP a price premium for the luxury brands. Therefore, the following hypothesis is proposed:

H5b: Brand commitment has a positive impact on willingness to pay a price premium for luxury brands.

### **3.4.3 Effect of Willingness to Pay a Price Premium on Purchase Intentions**

The willingness to pay more is an important consequent of behavioural intention to reveal an association between consumer attitudes and buying behaviour (Ajzen & Driver, 1992; Soler *et al.*, 2002). From the mid-1990s, WTP a price premium is theorised as a primary predictor of brand purchase intention (Aaker, 1996; Dyson *et al.*, 1996). Subsequent and plentiful research has emphasised the role of purchase intention as a powerful predictor of actual luxury product buying behaviour (Bian & Forsythe, 2012; Li *et al.*, 2012; Zhang & Kim, 2013). Compared with consumer purchase intention, willingness to pay more is considered to represent a deeper commitment on behalf of the consumer to product purchasing behaviour (Ajzen & Driver, 1992). The individuals have devoted more cognitive effort and information processing to reach this point of price decision-making (Fu & Elliott, 2013). Fu and Elliott (2013, p. 259) state that “in the stage of intention, consumers have to answer the question of whether to buy, whereas in the stage of WTP more, the question is by how much”. Although WTP has been well studied as a good predictor of purchasing behaviour, particularly regarding the purchase on organic products

(Didier & Lucie, 2008; Tung *et al.*, 2012; Kaya *et al.*, 2013), investigations relating it to luxury buying behaviour are relatively limited.

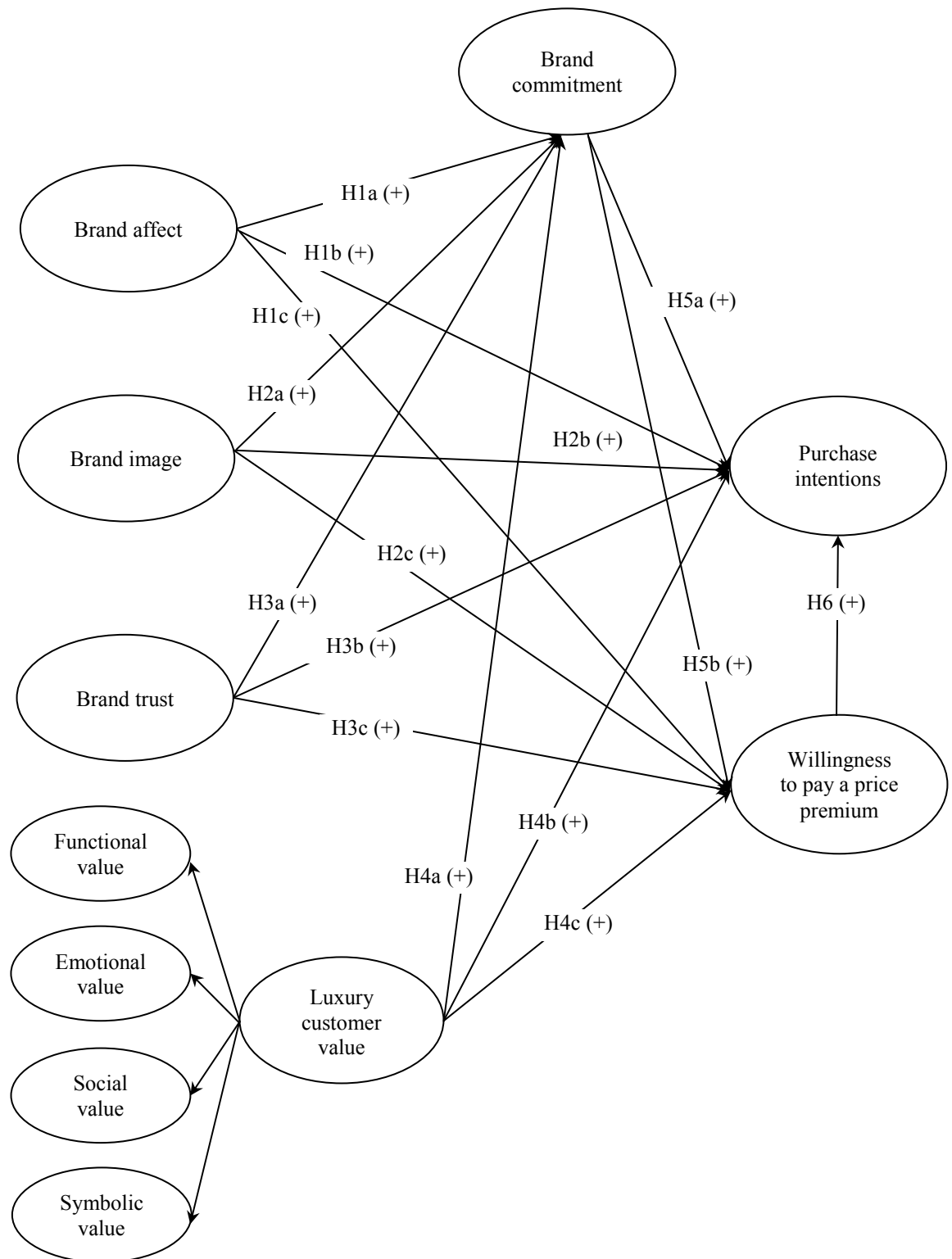
In the context of the latter, Netemeyer *et al.* (2004) demonstrated that a strong association exists between WTP a price premium and purchase intention. Subsequently, Li *et al.* (2012) carried out an investigation on Chinese consumption behaviour of luxury brands, studying the effect of WTP on purchase intentions and, by doing so, demonstrating that a consumer's WTP a price premium acts as a direct antecedent to luxury brand purchase intention. It hypothesised that as willingness to pay more increases, the likelihood of purchasing luxury products is expected to increase accordingly. Therefore, it is possible to make the following working hypothesis:

H6: Willingness to pay more has a positive impact on purchase intention for luxury brands.

### **3.5 Conceptual Model**

Based on theoretical background discussed in the literature review in Chapter 2 and 3, the conceptual model is shown below in Figure 3.2 and describes the proposed antecedents and consequences of brand commitment in luxury brand consumption behaviour from the Chinese consumer's perspective. Brand affect, brand image, brand trust and luxury customer value are hypothesised to be the antecedents of brand commitment. Brand commitment has been developed as a mediator role in the conceptual model and impacts on the consequences of brand commitment (purchase intention and willingness to pay) based on existing literature. Brand affect, brand image, brand trust and luxury customer value have an impact on purchase intention and willingness to pay a price premium respectively.

Figure 3.2 Conceptual Model –Antecedents and Consequences of Brand Commitment in Luxury Brand Consumption Behaviour



A summary of the 15 hypotheses is as following:

- H1a: Brand affect has a positive impact on brand commitment for luxury brands.
- H1b: Brand affect has a positive impact on purchase intentions for luxury brands.
- H1c: Brand affect has a positive impact on willingness to pay a price premium for luxury brands.
- H2a: Brand image has a positive impact on brand commitment for luxury brands.
- H2b: Brand image has a positive impact on purchase intentions for luxury brands.
- H2c: Brand image has a positive impact on willingness to pay a price premium for luxury brands.
- H3a: Brand trust has a positive impact on brand commitment for luxury brands.
- H3b: Brand trust has a positive impact on purchase intentions for luxury brands.
- H3c: Brand trust has a positive impact on willingness to pay a price premium for luxury brands.
- H4a: Luxury customer value has a positive impact on brand commitment for luxury brands.
- H4b: Luxury customer value has a positive impact on purchase intentions for luxury brands.
- H4c: Luxury customer value has a positive impact on willingness to pay a price premium for luxury brands.
- H5a: Brand commitment has a positive impact on purchase intentions for luxury brands.
- H5b: Brand commitment has a positive impact on willingness to pay a price premium for luxury brands.
- H6: Willingness to pay a price premium has a positive impact on purchase intentions for luxury brands.

### **3.6 Chapter Summary**

This chapter reviewed the Theory of Reasoned Action (TRA) model to explain Chinese consumers' purchase intentions. The justification of using the TRA model, advantages/disadvantages and usefulness relating to this PhD study were reviewed in this chapter. Two widely used methods to measure willingness to pay, Contingent Valuation Method (CVM) and Means-End Chain (MEC) model, were also critically reviewed. MEC is more appropriate for marketing research aimed at predicting consumption rather than for academic studies. The associations between brand commitment and its consequences were also presented in the details. Moreover, evidence between purchase intentions and willingness to pay a price premium are shown in this chapter. In addition, a conceptual model with 16 hypotheses is illustrated at the end of this chapter. Chapter 4 will discuss the research methodology and method.

## **CHAPTER 4: RESEARCH METHODOLOGY AND METHOD**

### **4.0 Overview of Chapter**

Following on from the development of research questions and hypotheses as the summary to the literature review, this chapter explains the philosophical underpinnings of the research and justifies the methodological selection of a two-stage quantitative based study. Details for the development of the questionnaire and the rationale behind the chosen measurements are presented. The rationale for the choice of method, issues concerning analysis and interpretation, ethical considerations, methodological strengths and limitations are examined in this chapter.

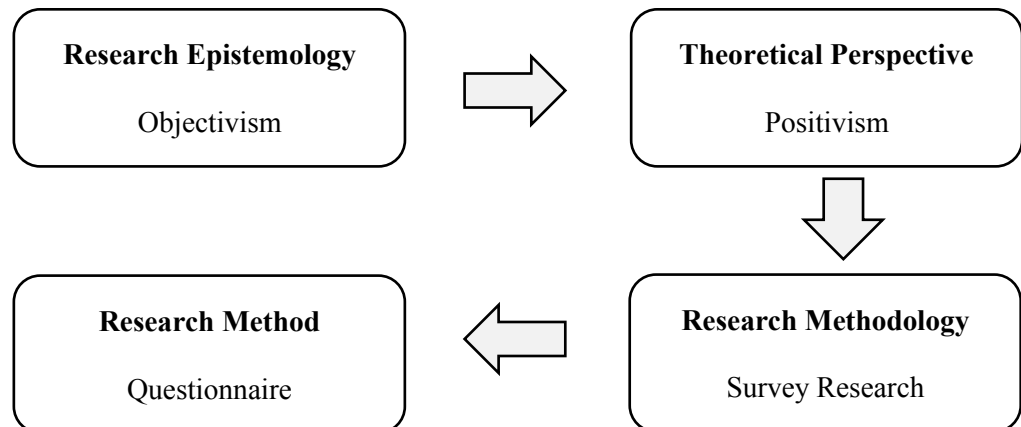
### **4.1 Introduction**

Understanding research philosophy is a significant step in undertaking any research investigation; the underpinning philosophy of the research has to be clearly established to inform the research design (Crotty, 2009; Easterby-Smith *et al.*, 2012). The following section establishes the philosophical position of the researcher and the ontological and epistemological assumptions which form the foundations of the research. It concludes with a demonstration of how the ontological and epistemological considerations have informed the selection of research methods (Grix, 2010). This includes a discussion of the chosen quantitative research methods available for data collection. The survey instrument used to measure brand commitment and purchase intention on luxury brands in the Chinese context is presented and its content justified and linked back to the extant literature. The next section illustrates the procedure employed to conduct pre-testing, pilot study and final study for this research. A discussion follows on sampling methods and sample size. The techniques used for data collection and analysis will be examined before concluding the chapter with a consideration of the potential limitations of the research design and the relevant ethical considerations.

## 4.2 Overview of the Research Process

The researcher chose objectivism as the epistemology, positivism as the theoretical perspective, a deductive research approach, a quantitative strategy and a survey questionnaire as the method of data collection. Figure 4.1 shows elements of the research process for this research.

Figure 4.1 Overview of Research Philosophy and Methodology



Source: Crotty (2009, p. 4)

Creswell (2009) suggests that the research design is the research process that includes the research potential and overall assumptions to the method of data collection and analysis. There are four elements of the research process (epistemology, theoretical perspective, methodology and methods) as presented in Table 4.1 and which are briefly described.

Table 4.1 Four Elements of the Research Process

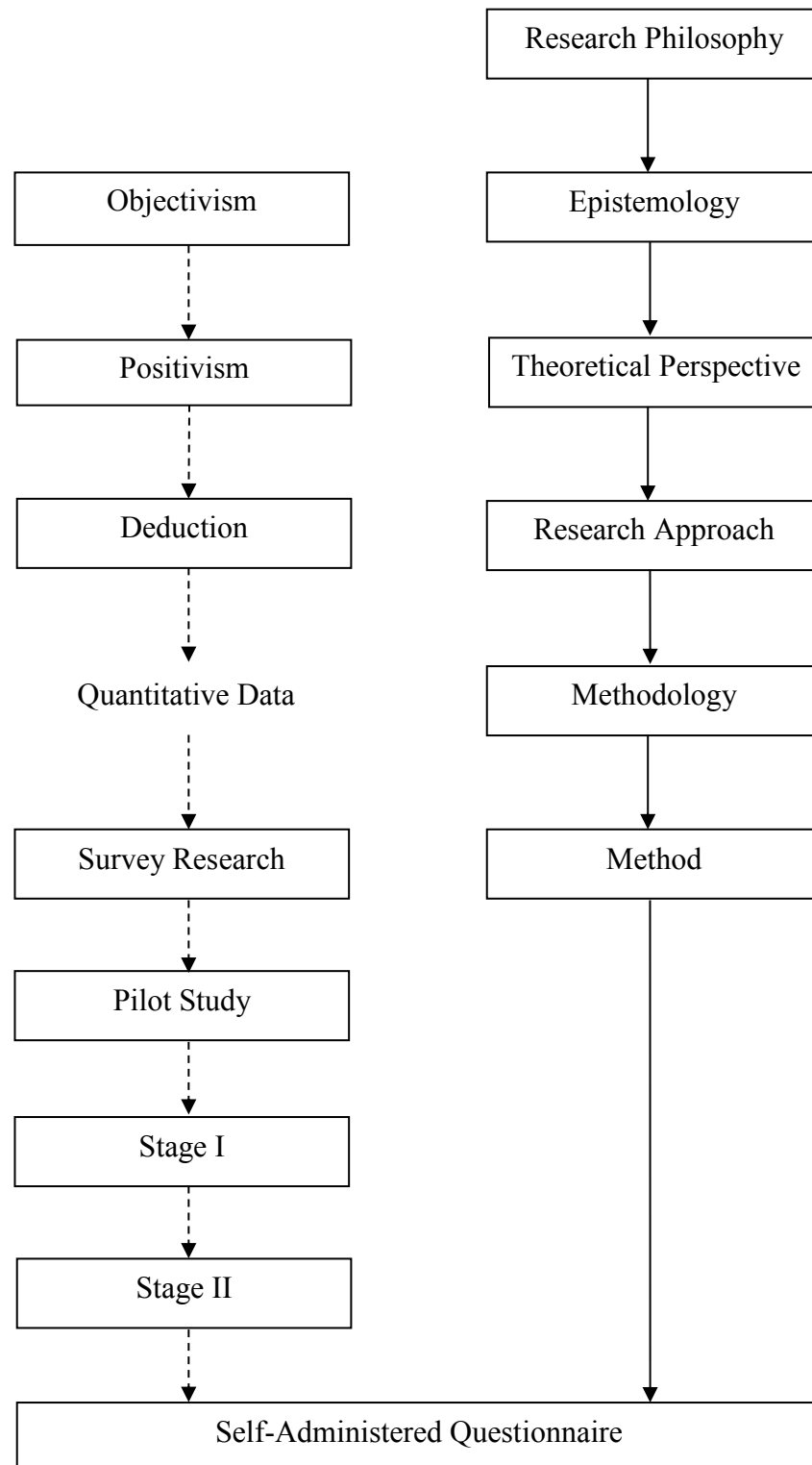
|                         | Definition   | Examples  | Evidence   |
|-------------------------|--|---|--|
| Epistemology            | A general set of assumptions about ways of inquiring into the nature of the world. | Objectivism, Constructionism, Subjectivism.                   | Crotty (2009); Creswell(2009); Easterby-Smith <i>et al.</i> (2012) |
| Theoretical perspective | The philosophical stance informing the basis of methodology.                       | Positivism, Interpretivism, etc.                              | Crotty (2009); Creswell(2009)                                      |
| Methodology             | A combination of techniques used to inquire into a specific situation.             | Survey research, Experimental research, Action research, etc. | Crotty (2009); Creswell(2009); Easterby-Smith <i>et al.</i> (2012) |
| Methods                 | Individual techniques for data collection and analysing data, etc.                 | Questionnaire, Observation, Interview, Case study, etc.       | Crotty (2009); Creswell(2009); Easterby-Smith <i>et al.</i> (2012) |

Source: Author



A diagram illustrates the relationship between the research philosophy, the research design and the selected research methods (Figure 4.2). It also indicates here that this will represent the structure of this chapter of the thesis.

Figure 4.2 A Diagrammatic Representation of the Research Philosophy and Design



Source: Author

### **4.3 Research Epistemology**

Crotty (2009, p. 3) defines research epistemology as “the theory of knowledge embedded in the theoretical perspective and thereby in the methodology”. More specifically, Blaikie (2010) notes that the epistemology is concerned with the possible ways of knowing knowledge of the social world, focused on how we know and what we know or what are the most valid ways to reach truth (Crotty, 2009; Neuman, 2011). Traditionally, researchers have been divided into two distinct camps: objectivist and subjectivist (Crotty, 2009). This research epistemology is grounded in the theory of objectivism as discussed below.

#### **4.3.1 Objectivism**

Objectivism is an epistemological position that asserts that social entities confront us as external facts that are beyond our influence (Crotty, 2009). In other words, the real world would be accepted as “out there”, that exists apart from our inner thoughts and perceptions of it. The researcher is entirely independent from the process of research design, data collection and analysis (Crotty, 2009). Here, the values of the researchers do not impact upon the outcomes, as the research is designed to identify a single truth that can be widely applied to understand the world in which we live. As researchers investigate empirical reality, they can distinguish truth from myth or illusion and produce objective knowledge (Neuman, 2011). After researchers get together and organise the ideas that have been verified, they could discover broad principles or laws to explain what reality contains and how it works (Crotty, 2009; Neuman, 2011). Researchers produce new knowledge deductively by testing pre-existing ideas and conjectures about reality against empirical data (Bryman & Bell, 2011). However, this research is concerned with understanding knowledge as an objective proof of hypothetical statement/assumptions. Assumptions may never be proven and/or established as accurate of truth without undertaking a carefully planned, logical and impartial search to know and understand what is assumed as facts about the world around us. “This is the epistemology underpinning the positivist stance and also this research...and research done in the positivists’ spirit might select to engage in survey research and employ the quantitative method of statistical analysis” (Crotty, 2009, p. 6). As this study is about discovering natural laws with prediction (Crotty, 2009), this indicates that objectivism is a pertinent epistemology with positivism providing the theoretical perspective (Crotty, 2009).

## 4.4 Theoretical Perspective

Establishing the appropriate theoretical perspective or paradigm is a key component to guiding the research. In terms of paradigm, Guba and Lincoln (1994, p. 3) defined as “worldviews or belief systems that guide researchers”. This set of assumptions provides a conceptual and philosophical world view for the organised study of the world. There are three elements of assumptions of the research paradigm: ontology, which is fundamentally the ‘reality’ being investigated; epistemology, which is the relationship between that reality and the researcher, and the methodology which is techniques applied by the researcher to disclose the reality (Healy & Perry, 2000; Carson *et al.*, 2001; Guba & Lincoln, 2008; Grix, 2010). However, each research paradigm is distinguished by its own ontology, epistemology and methodology, indicating the important problems and issues surrounding a discipline and helping the researcher in developing a framework to solve them (Easterby-Smith *et al.*, 2012). There are two major philosophical stances: positivism and interpretivism (Collis & Hussey, 2003). Table 4.2 summarises the two contrasting scientific paradigms.

Table 4.2 Two Contrasting Research Paradigms

| Element        | Paradigm   |  |
|----------------|--|--|
|                | Positivism   | Interpretivism   |
| Ontology       | Reality is real and apprehensible and exists independently of the subjects being studied.  | Reality is individually constructed, dynamic and changing, an output of social and cognitive processes.  |
| Epistemology   | Findings constitute observable material things – the researcher is objective by viewing reality through a ‘one way mirror’.                              | Knowledge is socially constructed accessed only through social actors using language and shared meanings. Observer interacts with what is being observed.      |
| Methodology    | Deductive.<br>Testing theories.<br>Cause and effect relationship.<br>Static design.<br>Context free.<br>Formulate and test hypothesis.<br>Large samples. | Inductive.<br>Building theories.<br>Understanding of what is happening.<br>Emerging design.<br>Context bound.<br>Patterns, theories develop.<br>Small samples. |
| Common Methods | Predominantly quantitative methods such as: survey questionnaire, experiments, verification of hypotheses.   | Predominantly qualitative methods such as: in-depth unstructured interviews, case studies, participant observation, action and grounded theory research.       |

Sources compiled from: Guba and Lincoln (1994); Perry *et al.* (1999, p. 17); Gill and Johnson (2002); Cepeda and Martin (2005); Eriksson and Kovalainen (2008); Collis and Hussey (2009); Crotty, (2009); Grix (2010); Bryman and Bell (2011); Easterby-Smith *et al.* (2012).

#### 4.4.1 Positivism

This PhD research positions itself as a positivist study, because there is a large body of established theories that have been applied in a number of different contexts in marketing research (Heding *et al.*, 2008; Lu, 2011); therefore theory testing has been established to do this research. This is especially relevant to this particular study because the intention is to evaluate the relationship between the constructs that have been previously identified and measured, rather than to explore the identity and nature of the variables involved. The objectives are to be descriptive in nature, enabling marketers to predict consumer behaviour. In line with this, the researcher attempts to discover and confirm a set of probabilistic causal laws that can be used to predict general patterns of consumer luxury consumption behaviour in the new geographical context.

The core of positivism is that the social reality research, which exists externally, should be conducted through objective approaches rather than being inferred subjectively through sensation and reflection (Crotty, 2009). Consequently, a deductive research approach will be adopted, which is consistent with positivism (Gill & Johnson, 2002) and presented later in this chapter.

Traditionally, positivism adopts quantitative methods, such as surveys testing hypotheses and producing the findings for generalisation from a sample sufficiently large and representative of the populations (Collis & Hussey, 2009). Bryman and Bell (2011, p. 15) assert that a positivist approach is to “generate hypotheses that can be tested and that will thereby allow explanations of laws to be assessed”. The implementation of a positivist study requires a measurement instrument that is a consistent instrument in gauging differences. This consistency relates to researchers’ ability to be consistent over time and researchers’ ability to be consistent with other researchers (Neuman, 2011). Advantages of this approach include wide coverage through inclusion of large samples and speed and cost effectiveness. This is balanced by the disadvantages which include it being inflexible and artificial, and the lack of effectiveness in generating theories or understanding of either process or the significance attached to certain actions (Easterby-Smith *et al.*, 2012).

#### **4.4.2 Interpretivism**

The interpretivist approach is based on an ontology in which reality is subjective, a social product constructed and interpreted by humans as social actors, determined by their individual beliefs and personal value systems (Crotty, 2009). The aim of interpretivist research is to uncover socially constructed meanings of reality as understood by individuals or groups (Easterby-Smith *et al.*, 2012). This paradigm is recognised as being less artificial than positivism; its strengths include the ability to examine changes over time, aid understanding of what people mean, flexibility and responsiveness to emerging issues and ideas, and be able to contribute to the development of new theories. In short, where existing theory is limited, interpretivism allows the researchers to develop theories and therefore fill potential gaps in knowledge. In contrast, the limitations of interpretivism consist of time taken for data capture and difficulty in analysing and interpreting data compared with quantitative methods (Easterby-Smith *et al.*, 2012).

### **4.5 Research Methodology and Methods**

#### **4.5.1 Research Strategy**

Choosing an appropriate research strategy is always informed by the type and the nature of the research being conducted. Therefore, the choice of research strategy suitable for this research will not only identify and accommodate its requirements, but will be an effective research strategy that will aid developing and using scientifically tested facts, theories and hypotheses relating specifically to the assessment of the luxury brand commitment level in mainland China.

#### **4.5.2 Quantitative versus Qualitative Research Methods**

Consistent with the philosophical point of view adopted, the selected methodology must also align appropriately with the chosen epistemological direction. One methodology that is appropriate to the positivist perspective is highly structured quantitative methods such as survey questionnaire, which will be distributed to large samples in order to deliver highly objective and credible data and, by doing so, reflect positivist research philosophy (Guba & Lincoln, 1994; Sobh & Perry, 2006; Grix, 2010). The alternative is a qualitative approach, used on small samples to generate findings that are more meaningful and

valuable, an approach arguably more consistent with the interpretive research philosophy such as in-depth interview (Bryman & Bell, 2011). Quantitative research is a research strategy that is based on the collection and analysis of data, while qualitative research can be construed as a research strategy that is usually based on words in data collection and analysis (Bryman & Bell, 2011). Neuman (2011) distinguishes between quantitative and qualitative research by defining the former as research focused on precisely measuring variables and the testing of hypotheses, while the latter focuses on conducting detailed examinations of specific cases that arise in the natural flow of social life. Table 4.3 outlines the fundamental differences between quantitative and qualitative research strategies (Bryman, 2012).

Table 4.3 Fundamental Differences between Quantitative and Qualitative Research Strategies

|   | <b>Quantitative</b>                             | <b>Qualitative</b>             |
|---|---|--------------------------------|
| Principal orientation to the role of theory to research | Deductive testing of theory                     | Inductive generation of theory |
| Epistemological orientation                             | Natural science model, in particular positivism | Interpretivism                 |
| Ontological orientation                                 | Objectivism                                     | Constructionism                |

Source: Bryman (2012, p. 36)

There are certain assumptions with underlying quantitative and qualitative methods (Dobbin & Gatowski, 1999). In quantitative research, social reality can be viewed as an external and objective reality. This social reality is further assumed to be both independent of and objective to the researcher. Consequently, the researcher should be independent of and remain distant from what is being measured and studied. Conversely, the qualitative researcher seeks close involvement with the people being investigated, so that the researcher can genuinely understand the world through their eyes (Bryman & Bell, 2011). In this study, collecting quantitative data represents the most effective and appropriate means of addressing the research objectives. The study uses a survey in order to capture results from a broad sample of luxury brand consumers whose profiles resonate with the population that it seeks to represent. Table 4.4 illustrates the main distinctions between quantitative and qualitative research methods.

Table 4.4 Illustrates the Main Distinctions between the Two Method Approaches

| Quantitative Approaches  | Qualitative Approaches   |
|--|--|
| <ul style="list-style-type: none"> <li>• Epistemological orientation is argued to be rooted in the positivist tradition.</li> <li>• Primary purpose is determine cause-and-effect and to describe on-going relationships.</li> <li>• Employs a deductive research strategy.</li> <li>• Research design is specified before the start of the investigation.</li> <li>• Precise hypotheses are stated before the start of the investigation; theories govern the purpose of the investigation in a deductive manner.</li> <li>• The independent variable is controlled and manipulated.</li> <li>• Objective collection of data is a requirement.</li> <li>• Uses hard data (numbers)</li> <li>• Surveys and experiments.</li> <li>• Samples are selected to represent the population.</li> <li>• Reliability and validity determined through statistical and logical methods.</li> <li>• Study of behaviour is in the natural or artificial setting.</li> <li>• Use of design or statistical analyses to control for threats to internal validity.</li> <li>• Use of inferential statistical procedures to demonstrate external validity (specifically, population validity).</li> <li>• Reply of research design and date gathering instruments to control for procedural bias.</li> <li>• Findings attempt to be comprehensive, holistic and generalisable.</li> <li>• Procedures are standard, replication is presumed.</li> </ul> | <ul style="list-style-type: none"> <li>• Epistemological orientation is argued to be rooted in the interpretivist tradition.</li> <li>• Primary purpose is to describe on-going processes.</li> <li>• Employs an inductive research strategy.</li> <li>• Research design is flexible and develops throughout the investigation.</li> <li>• Hypotheses are developed during the investigation; questions govern the purpose of the investigation; theories are developed inductively.</li> <li>• There is no specific independent variable; the concern is to study naturally occurring phenomena without interference.</li> <li>• Objective collection of data is not a requirement; data collectors may interact with the participants.</li> <li>• Soft data (words or images from documents or observations, etc.)</li> <li>• Phenomenology, grounded theory, ethnography, case study, interviews.</li> <li>• Samples are purposefully selected or single cases are studied.</li> <li>• Reliability and validity determined through multiple sources of information (triangulation).</li> <li>• Study of behaviour is in the natural setting.</li> <li>• Use of logical analyses to control or account for alternative explanations.</li> <li>• Use of similar cases to determine the generalisability of findings (logical generalisation), if at all.</li> <li>• Rely on researcher to come to terms with procedural bias.</li> <li>• Findings are seen to be precise, narrow and not generalisable.</li> <li>• Research procedures are particular, replication rare.</li> </ul> |

Source: Martella *et al.* (1999, p. 266), Neuman (2011, p. 123)

#### 4.5.3 Justification for using a Quantitative Strategy

As previously mentioned, the selection of strategies, methods and methodologies for a research project must be securely and appropriately linked to the research questions posed and to the sources of data collected (Grix, 2010). In view of this, the selection of a quantitative strategy was judged as most appropriate for this research. This research

involved the development and use of scales, scale items and measurements of brand commitment in a luxury brand consumption setting. An accurate study of consumer behaviour requires a large number of participants be involved in order to seek generalisability of the study findings to the wider context and setting. Existing research points to the adoption of this type of strategy in the pursuit of understanding and measuring the Chinese luxury consumer purchasing of luxury brands, and provides inference about this increasingly importance marketplace (Wang *et al.*, 2010; Bian & Forsythe, 2012; Li *et al.*, 2012; Zhan & He, 2012; Zhang & Kim, 2013). The above arguments and evidences support this study to choose the deductive approach and use a quantitative research strategy through survey questionnaire to study brand commitment in mainland China.

#### 4.5.4 Categories of Research Design

According to Neuman (2011), social research, of which business and management including marketing forms a part, can be categorised into three types, listed in Table 4.5.

Table 4.5 Three Types of Research

| Type of Research     | Definition  | Purposes of Research Types   | Research Questions        |
|----------------------|---|--|---------------------------|
| Explanatory research | Research whose primary purpose is to explain why events occur and to build, elaborate, extend or test theory.   | <ul style="list-style-type: none"> <li>• Test a theory's predictions or principle.</li> <li>• Elaborate and enrich a theory's explanation.</li> <li>• Extend a theory to new issues or topics.</li> <li>• Support or refute an explanation or prediction.</li> <li>• Link issues or topics to a general principle.</li> <li>• Determine which of several explanations is best.</li> </ul>  | Why                       |
| Exploratory research | Researcher whose primary purpose is to examine a little understood issue or phenomenon and to develop preliminary ideas about it and move toward refined research questions.  | <ul style="list-style-type: none"> <li>• Become familiar with the basic facts, setting and concerns.</li> <li>• Create a general mental picture of conditions.</li> <li>• Formulate and focus questions for future research.</li> <li>• Generate new ideas, conjectures or hypotheses.</li> <li>• Determine the feasibility of conducting research.</li> <li>• Develop techniques for measuring and locating future data.</li> </ul> | What                      |
| Descriptive research | Research in which the primary purpose is to 'paint a picture' using words or numbers and to present a profile, a classification of types, or an outline of steps to answer questions such as who, when, where, and how. | <ul style="list-style-type: none"> <li>• Provide a detailed, highly accurate picture.</li> <li>• Locate new data that contradict past data.</li> <li>• Create a set of categories or classify types.</li> <li>• Clarify a sequence of steps or stages.</li> <li>• Document a causal process or mechanism.</li> <li>• Report on the background or context of a situation.</li> </ul>  | Who, When, Where, and How |

Source: Neuman (2011, p. 38)



The research presented in this thesis seeks to identify what factors are important in determining consumer brand commitment related to Western luxury goods in the context of China. The study will not attempt to seek the meaning of human behaviour with respect to these consumers. The study is explanatory, and it seeks to provide understanding of the reasons why Chinese consumers tend to become more brand committed toward Western luxury brands. If the research was a descriptive study, it would document the number of Chinese consumers who would like to purchase the Western luxury brands, whereas an explanatory study would be interested in learning why these consumers buy the same Western luxury brands.

## 4.6 Data Collection Techniques

### 4.6.1 Survey Questionnaire

The survey strategy allows the collection of a larger amount of primary quantitative data (Collis & Hussey, 2009) and exploration of the relationships between variables (two or more) that will enable the testing of hypotheses and the generalising of the findings (Bryman, 2012). Surveys are commonly linked to a deductive approach to research and by employing a survey questionnaire which, through asking a set of pre-organised questions from a sample of luxury brand consumers in a Tier 1 city in mainland China, can be statistically analysed (Bryman & Bell, 2011). The advantages and disadvantages of a survey are considered in Table 4.6.

Table 4.6 Advantages and Disadvantages of Survey

| Advantages   | Disadvantages   |
|--|---|
| 1. With an appropriate sample, surveys may aim at representation and provide generalised results.  | 1. The data, in the form of tables, pie charts and statistics, becomes the main focus of the research report, with a loss of linkage to wider theories and issues.                    |
| 2. Surveys can be relatively easy to administer, and need not require any fieldwork.               | 2. The data provides snapshots of points in time rather than a focus on the underlying processes and changes.   |
| 3. Surveys may be repeated in the future or in different settings to allow comparisons to be made. | 3. The researcher is often not in a position to check first-hand the understanding of the respondents to the questions asked. Issues of truthfulness and accuracy are thereby raised. |
| 4. With a good response rate, surveys can provide a lot of data relatively quickly.                | 4. The survey relies on breadth rather than depth for its validity. This is a crucial issue for small-scale researchers.  |

Source: Blaxter *et al.* (2010, p. 79)

Survey research is usually “associated as research approach with the idea of asking groups of people questions” (Blaxter *et al.*, 2010, p. 78). Questions should be logical and follow a certain order that allows participants to express facts, attitudes and opinions (Hague, 2002). The survey questions should also be designed in such a way to make it easier for respondents to follow (Bryman & Bell, 2011). In line with this, the questionnaire obtained opinions and attitudes regarding purchasing behaviour toward Western luxury brands which have the potential to assess cause-and-effect relationships between variables within the Chinese context.

According to the Bryman and Bell (2011) and Bryman (2012) review, a variety of factors influence the use of a questionnaire: (1) characteristics of the respondents from whom data will be collected, (2) importance of reaching a particular person as respondent, (3) importance of respondents’ answers not being contaminated, (4) size of sample required for the analysis process, taking into account the likely response rate, (5) types of question needed for data collection, and (6) number of questions needed for data collection.

In addition, Bryman and Bell (2011) pointed out the choice of questionnaire will be affected by the following resources: time taken to complete collection, economic implications of data collection and entry, availability of interviewers that will assist in the data collection, and data input. Based on the above arguments and justifications, the survey questionnaire is the most commonly used strategy for data collection in marketing research. It is important to note that a quantitative questionnaire is referred to and supported within similar empirical studies in the literature (Wong & Zaichkowsky, 1999; Phau & Prendergast, 2000; Park *et al.*, 2008; Gao *et al.*, 2009; Wang *et al.*, 2010; Bian & Forsythe, 2012; Li *et al.*, 2012; Zhan & He, 2012; Zhang & Kim, 2013).

#### **4.6.2 Survey Location – Beijing City**

Data were collected solely from Beijing; location was chosen as the survey location for two reasons. First, Beijing has been selected as it is one of the highest concentrations of affluent consumers in China and most luxury outlets are located there (Gao *et al.*, 2009; Atsmon *et al.*, 2011). Second, Wang (2012) reported in the *Economic Observer* an assessment of the Beijing mean income which, at RMB 32,900, puts it at more than two and a half times the fourth wealthiest province. Richer Chinese citizens are located overwhelmingly in the major urban conurbations, research suggesting equivalence of

middle-class standards of living and spending behavior within the country's Tier 1 cities, these being Beijing (as this research setting) alongside Guangzhou, Shanghai and Shenzhen (He *et al.*, 2010; Zhan & He, 2012). It could be suggested from the results revealed from this presented study that at the time of this study consumers' consumption of luxury brands was much different outside Tier 1 cities. Even as the Tier 2 and Tier 3 cities catch up with the consumption behaviour movement, the findings still have external value to generalise beyond Tier 1 cities and are widely relevant (Zhan & He, 2012). Hence, it is assumed that the results obtained from Beijing are expected to be generalisable to other similar cities (i.e. the top Tier 2 cities, such as Hangzhou and Chengdu) in mainland China. In addition, this study is restricted in one setting by limited time, cost and consumer accessibility.

#### **4.6.3 Sampling Frame – Chinese Luxury Consumers**

This study concerns Chinese consumers' brand commitment and purchasing intention toward luxury brands, so research participants need to be real consumers with experience of purchasing Western luxury brands from that country. The Chinese market is one of the main areas responsible for the boom in luxury brand consumption (Lu, 2008; Okonkwo, 2009; Zhan & He, 2012). Most studies are conducted using student samples to investigate the luxury consumption based on Western contexts (Kapferer, 1998; Vigneron & Johnson, 2004; Dubois *et al.*, 2005; Park *et al.*, 2008; Teah & Phau, 2008). A number of studies have been conducted using real customers in the Chinese context (Wang *et al.*, 2010; Li *et al.*, 2012; Zhan & He, 2012). The involvement of actual consumers provides a more realistic evaluation of purchase behaviour in a luxury brand context than other studies that have incorporated imaginary purchase scenarios considered by student respondents who perhaps have no such purchasing experience in their history (Shukla, 2011).

#### **4.6.4 The Shopping Mall Intercept Approach**

The shopping mall intercept procedure was used to collect the data for the study. Mall intercept has been demonstrated to be a methodologically robust and externally valid technique for generating samples to tap consumer preferences and to uncover consumer judgement processes in the context of China (Bush & Hair, 1985; Jackson *et al.*, 2011). The study collected data using self-administered survey questionnaires from four shopping malls in Beijing CBD area. The researcher conducted the shopping mall intercept survey

interviews in Beijing City, mainland China. The selected shopping malls have several shops selling Western luxury brands, such as Louis Vuitton, Burberry, Prada, Chanel, Hermes, Cartier and Bvlgari, which clearly target Chinese customers who can afford luxury Western brands. The choice of administering the survey questionnaire by using a face-to-face approach involving interception was based on the following justifications: firstly, face-to-face interview questionnaire is the most popular and effective method to collect data in developing countries such as mainland China (Kumar, 2000; Stening & Zhang, 2007). Secondly, it is a certain way to reach a higher response rate with a lower refusal rate in the Chinese context (Stening & Zhang, 2007). Finally, postal questionnaires may be problematic both because of suspicions on the part of those to whom they are directed and because of the infrastructure inadequacies of the Chinese postal system (Stening & Zhang, 2007).

From the ethical perspectives, to conduct the survey in the Chinese context, there are two main considerations that will have a major impact on whether a researcher is successful in eliciting cooperation: first, whether participation is voluntary and, second, whether anonymity can be guaranteed (Stening & Zhang, 2007). Therefore, the information sheet (see Appendix G) clearly explained the participant's privacy protection commitment, estimated duration of response, significance of participation and the intention and importance of the survey. Moreover, in the information sheet it was stated that the survey was by voluntary consent and participants could exit at any time or skip any specific questions. Furthermore, permission was granted from four shopping malls and details will be presented later in section 4.11. Within these shopping malls, potential consumers identified as leaving Western luxury brands shops and having clear buying evidence (holding a shopping bag/parcel recognising the brand or outlet) were approached and asked questions from a screening questionnaire according to purchasing history.

#### **4.6.5 The Seven-Point Likert Scale**

The guidelines suggest that the appropriate number of categories should be seven, plus or minus two (Malhotra & Briks, 2007). There are several justifications for choosing the seven-point Likert scale in this study. Firstly, respondents can finely discriminate each response category into a larger number of scale points (Malhotra & Briks, 2007). Secondly, a seven-point Likert scale supplies the respondents with more choice and helps capture their feelings toward the brand of their choice, offering more space for the evaluation of

the scale's reliability and validity (Hinkin, 1995; Ogbra & Tan, 2009). Viswanathan *et al.* (2004) also demonstrated that a seven-point scale sufficiently captures the similarities and differences meaningful to the participants. Finally, more categories are required (i.e. seven or more categories) when the data is analysed with sophisticated statistical techniques (Malhotra & Briks, 2007). Confirmatory factor analysis (CFA) and structural equation modelling (SEM) represent more sophisticated analysis and will subsequently be employed in this study. Furthermore, the issue of whether or not to offer a neutral category (i.e. don't know) has been debated for decades (Weijters, 2010). The common challenge of using the Likert scale questions, especially those with a few number of scale points, is that respondents are very likely to choose the middle point – perhaps akin to choosing “don't know” or “not applicable” – without thinking their answer through. Offering a neutral category allows respondents to indicate neutrality or ambivalence and makes people more comfortable when selecting a response option (Nunnally & Bernstein, 1994).

#### **4.6.6 Screening Questionnaire**

Screening questions are designed at the beginning of a questionnaire for determining eligibility for the study (Czaja & Blair, 2005). The purpose of a screening questionnaire is to determine membership and eligibility in the survey's target audience and the questions used to determine whether a particular set of questions in the substantive questionnaire should be presented to the targeted respondent. In line with this, a screening questionnaire (Appendix F) was used in the two stages (pilot stage and main stage) of this study to target relevant participants. In order to reach a higher standard of sampling accuracy, the questions on the screening instrument asked respondents if they had a purchasing experience of a Western luxury brand in mainland China within the last three years (since September 2009), to ensure the considered experiences were both recent and not “one-offs”. These purchasing experiences were then brought together within a screening questionnaire, similar to the approach adopted by Zhan and He (2011) employed at the start of the data collection process to target only appropriate consumers, then inviting or excluding them accordingly. This procedure helped to filter out unsuitable respondents, since this study is interested in regular and frequent Chinese shoppers. From an ethical perspective, through the screening questionnaire any respondents below 18 years old were not selected for the survey, in line with Northumbria University regulation. ([http://www.northumbria.ac.uk/static/5007/respdf/ethics\\_handbook\\_2.pdf](http://www.northumbria.ac.uk/static/5007/respdf/ethics_handbook_2.pdf))

The self-completion questionnaire was divided into two sections, with the consumer-brand relationship being labelled “Section A” and the respondent’s personal information part being labelled “Section B”. Section A requested the respondent’s purchasing experience toward Western luxury brands. Section B was used to collect participant demographic information in terms of gender, age, profession, education level and annual personal income, as well as their email address if they wished to receive a summary of the overall findings of this research. Dillman (2000) recommends that personal and potentially intrusive questions should be placed near the end of the questionnaire, where they are likely to be seen after the respondent has had an opportunity to become interested in the questionnaire, hence the location in the Section B instrument presented in this study. Furthermore, an open question was located at the end of the survey to collect any additional comments regarding the questionnaire and perceptions related to the research of luxury brand consumption in general. Together the two sections were presented in an A4 page document (comprising four full pages) and taking approximately 10 to 15 minutes for each participant to complete.

#### **4.6.7 Screening Criteria and Content for Screening Questionnaire**

A list of 13 Western luxury brands was drafted for pilot study after reviewing Okonkwo’s (2007) luxury fashion brands index (Appendix D). This list was compared with the definition of luxury brands used in this research, Chinese media coverage of the popular luxury brands, and Chinese consumers’ luxury brand preferences (Chadha & Husband, 2007). This step is necessary because Okonkwo’s (2007) index was based on a brand’s years of establishment and, as such, may be limited in suitability because in the consumer arena being considered both established and new brands were being recognised and purchased. The researcher desired the participants to have a certain familiarity about the brands so it was necessary to include current as well as long-established brands. In addition, it was decided to focus on these luxury brands as they make up a significant proportion of luxury goods consumption in China (Bain & Company, 2011; KPMG, 2013). The feedback received from the pilot study (to be presented later in this chapter), includes respondent recommendation of certain Western luxury brands that could also be included on the luxury brands list for the current study. The luxury brands list was extended from 13 to 19 with enriched information about the luxury brand, year of creation and country of origin (Appendix E). This modified list of 19 luxury brands was employed in the final

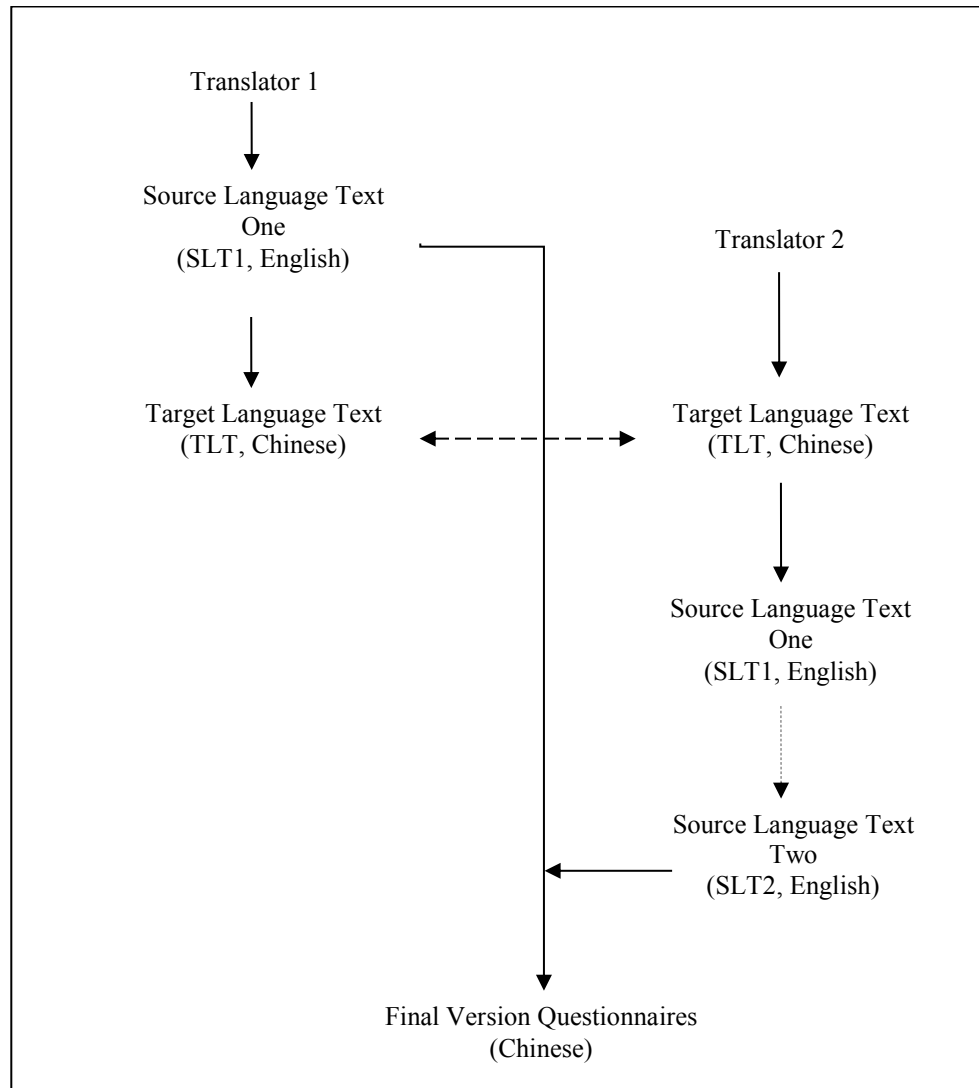
stage study. This was subsequently presented as a screening questionnaire included in the justification below.

#### **4.6.8 Preparation for the Study – Back-Translation Technique**

The main purpose of applying back-translation technique is to make sure that all idioms and local expressions were properly addressed, and to improve translation equivalence. Moreover, “both verbal and nonverbal instruments need to be translated so that they can be used in different linguistic and cultural contexts” (Craig & Douglas, 2005, p. 254). The survey questionnaire used in this study was originally designed in English then needed to be translated into Chinese. Stening and Zhang (2007) stated that at the most basic level, instruments need to be provided to respondents in their own language, especially when there are serious doubts about their ability to fully understand the foreign language. In order to achieve this, it is not only necessary to understand the language but also understand the wider cultural context and the context of the research topic within the country. A back-translation technique – from source questionnaire to target questionnaire to source questionnaire – a comparison of two new source questionnaires, and then the creation of a final version questionnaire (Brislin, 1970; Douglas & Craig, 2007), can be considered to ensure the accuracy of the translation in this study.

A back-translation technique has been widely adopted by Chinese researchers to conduct the quantitative research in the context of China. This technique has been adopted more recently in a marketing research setting by Tong and Hawley (2009) and Hsu *et al.* (2011). Furthermore, Bian and Forsythe (2012) implemented back-translation technique to conduct a survey in order to examine Chinese consumer purchase intention for luxury brands in Shanghai, China. Zhand and Kim (2013) also applied the same technique to investigate the influencing factors that affect Chinese consumer purchasing intention toward luxury brands in China. The procedure of back-translation technique is interpreted by the research and shown below in Figure 4.3.

Figure 4.3 Back-Translation Technique



Source: Author

Chang *et al.* (1999) indicated that the use of translators who were sufficiently educated in the relevant subject discipline to ensure understanding of the concepts in both languages facilitated the translation of most idioms used in the specific subject. This supported the earlier recommendation of translation and back-translation being undertaken by bilingual assistants who are graduates having studied in both Chinese and English, with sufficient education having taken place in both languages (Bracken & Barona, 1991). The questionnaire was originally drafted in English, translated into Chinese, and then back-translated into English by two native Chinese speakers to ensure the translation best corresponded with the English version. The original and back-translated questionnaires were assessed side-by-side to eliminate any potential translation variations, a process also recognised as vital and, as such, implemented and reported by Zhan and He (2012) in their Shanghai-based study. In an attempt to increase functional and conceptual equivalence



(Chang *et al.*, 1999; Tong & Hawley, 2009), the questionnaire was presented in the UK to a group of 22 bilingual Chinese students from Northumbria University to assess the appropriateness of the translation. It was then back-translated and further assessed for inconsistencies by an alternative professional translator (Phau & Teah, 2009). Supporting the recommendations thereof, the final Chinese version of the questionnaire and screening questionnaire were then considered ready for implementation in a pilot study.

#### **4.7 Survey Instrument Design**

Finally, it was decided that each item was measured using a seven-point Likert scale (1=strongly disagree, 7=strongly agree). The Likert scale provides an advantage in that it counters problems involving the development of pairs of dichotomous adjectives. The scales consist of a series of statements expressing either a favourable or an unfavourable attitude toward the concept under study. The respondent is asked to indicate the level of his/her agreement or disagreement with each statement by assigning it a numerical score. The scores are then totalled to measurement the respondent's attitude. This size of scale has been well established in related marketing research (Ogba & Tan, 2009; Bian & Forsythe, 2012; Miller & Mills, 2012a) and more generally its endorsement centres on the range of response choices affording greater power for respondent discrimination. For instance, there are three common approaches were used to measure brand image in quantitative marketing research, involving rating brands on a Likert-type rating scale, ranking measures and brand attribute association measures (Driesener & Romaniuk, 2006). There are two justifications for choosing the Likert-type rating scale to measure brand image in this research. First, rating measures require the respondent not only to show whether or not there is an association but also to indicate the strength of that association (Driesener & Romaniuk, 2006). Second, ranking is considered to be a comparative measure, while rating approaches are not (Joyce, 1963). With some measures brands are not directly compared, whereas others explicitly require a direct comparison of the brands (Driesener & Romaniuk, 2006). Based on the purpose of the research, the researcher is not undertaking any comparative measurements of brand image. Therefore, the ranking techniques will not be used in the research.

The data was collected using a self-completion questionnaire with questions in a prearranged order. The survey itself contained the screening questions and self-completion questionnaire measures, and an accompanying cover letter. The cover letter explained the

purpose of the research project, ensuring participants of data confidentiality and expressing gratitude for their participation.

#### 4.7.1 Research Scale Development

In developing the measurement scales, prior relevant literature and empirical studies were reviewed. All of the measurement items for the constructs in the conceptual model are well established in the literature, and presented in Table 4.7 below.

Table 4.7 Measurement Scales Development

| Constructs  | Modifications   |
|---|---|
| <p><b>Brand Affect</b> (Chaudhuri &amp; Holbrook, 2001; 2002)</p> <ol style="list-style-type: none"> <li>1. This luxury brand makes me happy.</li> <li>2. I feel good when I use this luxury brand.</li> <li>3. This luxury brand gives me pleasure.</li> </ol> <p><b>Brand Image</b> (Alimen &amp; Cerit, 2010, p. 543)</p> <p><i>Cognitive brands associations</i></p> <ol style="list-style-type: none"> <li>1. This luxury brand is expensive.</li> <li>2. This luxury brand is durable.</li> <li>3. This luxury brand has technical sophistication.</li> <li>4. This luxury brand performs as expected.</li> </ol> <p><i>Emotional brands associations</i></p> <ol style="list-style-type: none"> <li>1. This luxury brand targets high-income level.</li> <li>2. This luxury brand increases the respectability of me.</li> <li>3. This luxury brand is admired by my friends and relatives.</li> <li>4. This luxury brand expresses my personality.</li> </ol> <p><b>Brand Trust</b> (Chaudhuri &amp; Holbrook, 2001; 2002)</p> <ol style="list-style-type: none"> <li>1. I trust this luxury brand.</li> <li>2. I rely on this luxury brand.</li> <li>3. This luxury brand is an honest brand.</li> <li>4. I feel that I can trust this luxury brand completely.</li> </ol> <p><b>Luxury Customer Value</b></p> <p><i>Functional Value</i><br/>(Sweeney &amp; Soutar, 2001, p. 212; Wiedmann <i>et al.</i>, 2009)</p> <ol style="list-style-type: none"> <li>1. This luxury brand offers value for money.</li> <li>2. This luxury brand has consistent quality.</li> <li>3. I buy this luxury brand to try to differentiate myself from others.</li> <li>4. I buy this luxury brand for satisfying my personal needs.</li> </ol> <p><i>Emotional Value</i> (Sweeney &amp; Soutar, 2001, p. 212)</p> <ol style="list-style-type: none"> <li>1. This luxury brand makes me feel good</li> <li>2. Using this luxury brand is enjoyable.</li> </ol> | <p>The items have been modified using seven-point Likert scale from the original five-point Likert scale measurement.</p> <p>Modification of the brand trust scale presented by Chaudhuri and Holbrook's (2001, 2002) is adopted, the item 'this brand is safe' being irrelevant to the study. Given that the original researchers were mainly focused on the food and drinking sector, only daily-use luxury products (e.g. handbags, watch and jewellery) have been selected to conduct this study. Thus the item replaced by alternative one 'I feel that I can trust this luxury brands completely', which is defined by Han and Sung (2008).</p> |

3. This luxury brand makes me want to use it.

**Social Value** (Sweeney & Soutar, 2001, p. 212)

1. This luxury brand helps me to feel accepted.

2. This luxury brand improves the way I am perceived.

3. This luxury brand makes a good impression on other people.

4. This luxury brand gives me social approval.

**Symbolic Value** (Hung *et al.*, 2011)

1. This luxury brand's product is conspicuous.

2. This luxury brand's product is expensive.

3. This luxury brand's product is for the wealthy.

Symbolic value is adapted from Vigneron and Johnson's (2004) and Hung's *et al.* (2011) measurement. Symbolic value was measured by the four semantic differential items developed by Vigneron and Johnson's (2004) to measure perceived conspicuousness: the degree to which the non-personal-oriented perception is conspicuous/noticeable, elitist/popular, extremely expensive/affordable, and for wealthy/for well-off toward the luxury brands. While, Hung *et al.* (2011) modified Vigneron and Johnson's (2004) measurement scales from four items to three items using five-point Likert scale. These three items are measured using a seven-point Likert scale in the study.

**Brand commitment** (Fullerton, 2005, p. 103)

**Affective Commitment**

1. I feel emotionally attached to this luxury brand.

2. This luxury brand has a great deal of personal meaning for me.

3. I feel a strong sense of identification with this luxury brand.

**Continuance Commitment**

1. It would be very hard for me to switch away from this luxury brand even if I wanted to.

2. My life would be disrupted if I switched away from this luxury brand.

3. It would be too costly for me to switch from this luxury brand to other luxury brands.

Affective commitment and continuance commitment are adopted from Allen and Meyer's (1990) and Fullerton's (2005) measure. In Fullerton's (2005) study, the original nine-point Likert scale is modified to a seven-point Likert scale in this study.

**Purchase Intentions**

(Dodds *et al.*, 1991; Bian & Forsythe, 2012)

1. If I were going to purchase a luxury product within the next 12 months, I would consider buying this luxury brand.

2. If I were shopping for a luxury brand within the next 12 months, the likelihood is that I would purchase this luxury brand is high.

3. My willingness within the next 12 months to buy this luxury brand is high.

4. The probability that I would buy this luxury brand within the next 12 months is high.

**Willingness to Pay a Premium Price**

(Netemeyer *et al.*, 2004, p. 223)

1. The price of this luxury brand would have to increase significantly before I would switch to competitor brands.

2. I am willing to pay a higher price for this luxury brand compared with substitute brands.

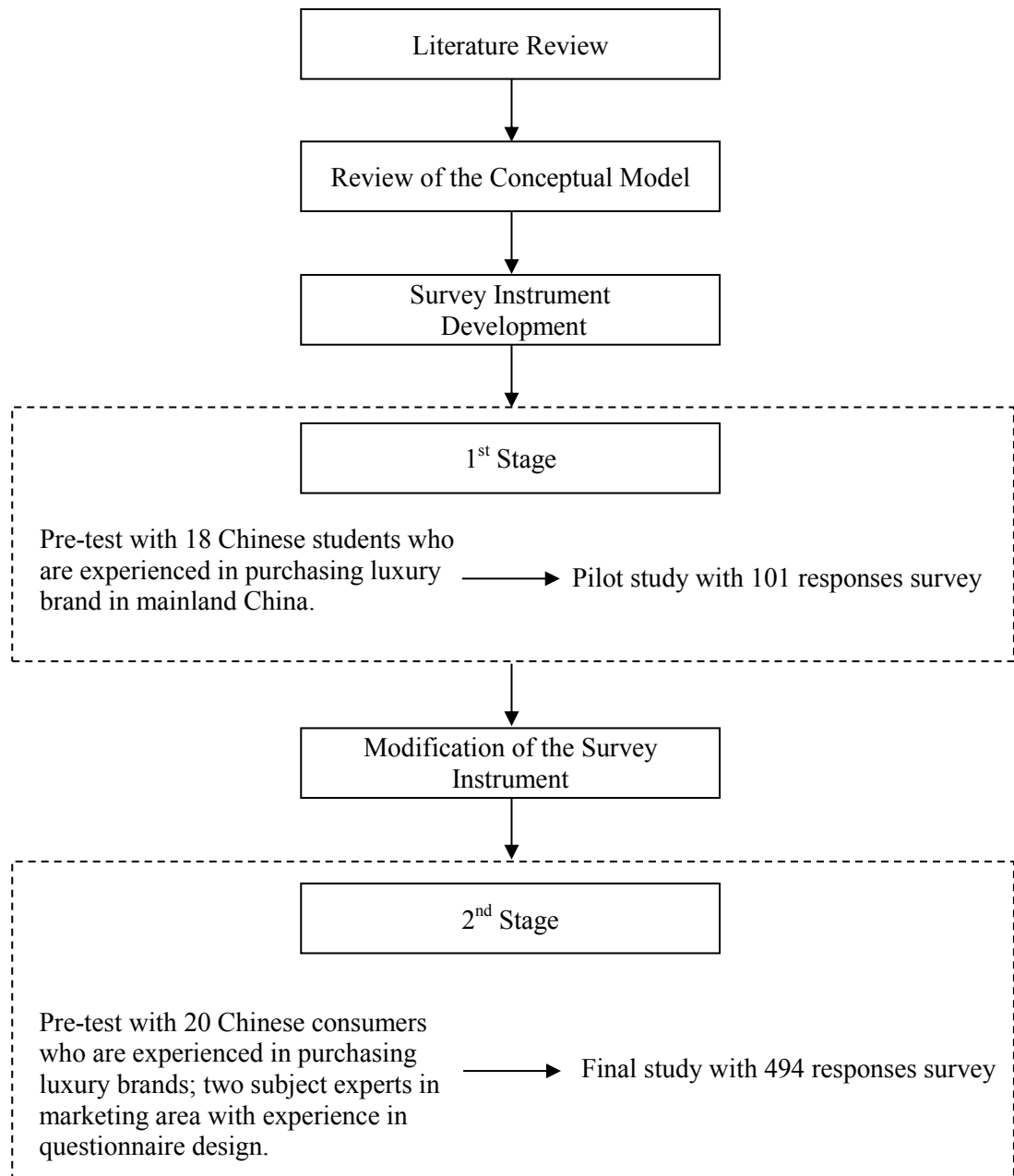
3. I am willing to pay a lot more for this luxury brand than competitor brands.

4. I am willing to pay \_\_% more for this luxury brand over competitors' products.

## 4.8 Study Implementation Pre-Test and Substantive Study

As presented earlier in this chapter (see Figure 4.4), the study comprised two stages. The first stage was a pilot study which tested the provided questionnaire and screening instrument in preparation for the final research stages. The following section discusses the research process in detail.

Figure 4.4 An Overview of the Research Design



Source: Author

#### 4.8.1 The Pre-testing Study

Questionnaire pre-testing is very important particularly when data is to be gathered via mainly self-completed questionnaires (Visser *et al.*, 2000), although in this study the self-completed questionnaire is supported by an interviewer's attendance. In this research, the purpose of the pre-test process is primarily to refine the measurement scales in terms of wording to ensure participant understanding of subject concept and quality of the translation process. Questionnaire pre-testing can help to detect and rectify potential problems, vital as subsequent interviewers will not be available to clarify question meaning or problems with incomplete answers. Furthermore, pre-testing a questionnaire allows improvement of its layout and presentation as well as assessing the relevance of its specific involved content to ensure the format is user-friendly for the respondent (Visser *et al.*, 2000). To use a pre-testing questionnaire before conducting the final study brings potential additional benefits by reducing measurement error and minimising the potential for nonresponse, as well as providing an easier questionnaire for completion by the respondent in the subsequent substantive study (De Vaus, 2002). This process helps to identify those measurement items which were perceived by the pilot respondents as ambiguous and to encourage them to provide any suggestions or comments that could improve study response, as well as providing guidance on the general quality of the survey instrument. De Vaus (2002) advocated that the questionnaire needed to be evaluated from four perspectives: the flow of questions/questionnaire, question skips, timing and respondent interest and attention.

Pre-testing provides information about potential response rates of a survey, the cost and timeframe of the data collection, and even the skill level required of the data collection instructors, particularly those employed in the large-scale exercise. There are numerous approaches to pre-testing that are presented in the research literature. In this study, a two-stage method implemented by Czaja and Blair (2005) was adopted. In the first stage, the purpose of the pre-testing is to require and gain feedback and comments on individual questionnaire items from friends and colleagues. In the second stage, the intention is to test the entire questionnaire and the survey procedures. The latter phase will be replaced by the pilot study to test the whole questionnaire and supporting processes in this study.

The literature provides support for using friends and colleagues to conduct pre-testing of the survey questionnaire. For example, Buckingham and Saunders (2004, p. 84) declared

that “the easiest way of testing it out is on friends and colleagues. This pre-test will help you judge how long the questionnaire takes to complete and it should throw up any obvious problems in question wording or accompanying instructions”. Czaja and Blair (2005) also pointed to the use of students and colleagues in small numbers (between 20 and 40) to test the first draft of the questionnaire in the pre-testing stage (see Figure 4.4).

The respondents were asked to comment upon any queries that they considered would improve its quality in terms of understanding and response. In this pre-testing study, 18 Chinese students from Northumbria University in the UK were interviewed. A hard copy of the questionnaire was distributed to each participant and the researcher provided a brief introduction as to the purpose of the survey, as well as the interview to be conducted. Each participant was asked to evaluate the wording of each measurement scale and to indicate any problems they faced while reading the statements in terms of wording difficulty and readability. These pre-testing participants had studied either business management or marketing and as such had an appropriate level of subject knowledge related to consumer behaviour and branding. Therefore, they were requested to suggest any additional items which had not been included in the questionnaire and also to supply remarks to the items which needed to be eliminated from the questionnaire based on their personal views. Furthermore, each respondent was asked to share their experience and knowledge to attribute the appropriateness and importance of the main measurement constructs in complementing luxury consumer behaviour.

After reviewing responses from the first stage, certain questions/items in the pre-test survey questionnaires were identified. The questionnaire was again reviewed with 160 Chinese luxury consumers to evaluate the items as part of the subsequent pilot study. This procedure also complements the view of Dobbins and Gatowski (1999) and Zikmund *et al.* (2010). They suggested that in pre-test, the proposed survey is distributed to a small number of participants who are very similar in profile to the sample who would be participating in the final study. In this case, each participant from the group of 18 Chinese students had at least three years' luxury shopping experience in mainland China. However, by only using students as the sample in the pre-testing this may be seen as a study limitation; this experience nonetheless made them qualified to provide support.

#### 4.8.2 The Pilot Study

The purpose of piloting the questionnaire is to ensure the researcher is familiar with potential problems of data collection. Ideally, the closer the match between the pilot sample and the final sample, the better (Bryman & Bell, 2011). For instance, De Vaus (2002) suggested that it is important to match particular characteristics of the pilot and final samples. In line with this, age, gender, and educational and employment status were considered necessary to match in this study. Chinese consumers were required already to have related several purchasing experiences within mainland China. Contrast with Dillman (2000), who suggested 100 to 200 participants exceeding the proposal of De Vaus (2002) who recommended between 75 and 100 pilot participants. A total of 160 participants were appropriate for this part of the pilot study. The pilot study research plan is presented below.

##### 4.8.2.1 Purposes of the Pilot Study

- ***To extend the researcher's background knowledge*** of brand commitment and its impact on the Chinese consumers purchasing intentions toward Western luxury brands in the mainland China setting. The pilot study focused on the antecedents of brand commitment amongst Chinese luxury consumers, such as brand affect, brand trust and luxury consumer value. The researcher became familiar with the nature of Chinese luxury consumer purchasing behaviour through engagement with the self-completion survey questionnaire.
- ***To develop and test the techniques*** of data collection and analysis. The pilot study allowed the researcher to identify the most appropriate data collection and analysis techniques for the study. During the study, the strengths and weaknesses of the techniques' potential to produce a more effective research design and strategy for the final study were explored. Bryman and Bell (2011) indicated that by conducting a pilot study, opportunity is given to assess the appropriateness of the chosen research methodology, approach and strategy and therefore allow necessary reference for use in the major study.
- ***To improve the survey questions*** for the final study. By using a pilot study before administering a self-completion questionnaire to consumers in the substantive study, it was possible to develop and improve the interview questions, avoid repetition within the

survey context and identify consumer-related issues to be investigated. The pilot study dealt with several issues, including the accuracy or problems associated with the phrasing of the questions, the order and flow of the questions on the questionnaire, the reliability of the instructions and the time taken for questionnaire completion (Robson *et al.*, 2008; Bryman & Bell, 2011). As a result, the researcher developed and modified the survey questions, research objectives and the research question for the principal study, as indicated later in this section.

- ***To examine the need*** for producing additional items that had not been provided by the current scales incorporated within the pilot exercises. A PhD candidate at Northumbria University (Newcastle Business School) is required to go through the Mid-Point Progression (MPP) review, which is a formal review of a PhD candidate's progress mid-way through his research programme (18 months). The panel included a subject expert from Marketing, whose role was to assess the candidate's work to date to see whether the work was at an appropriate level, as well as providing specific feedback and comments based on the presented work. Several amendments have been made after the MPP review (as explained in section 4.8.2.4).
- ***To prove 'reliability and validity'*** for the measurement scales. The research instruments should be established in the first place; the instrument must have construct validity in the sense that there is conceptual equivalence (Stening & Zhang, 2007). The pilot test investigates the reliability of the measurement scales and checks the scales' face validity – that is, whether the questionnaire appears to make sense and the interpretation of the item by researcher and participants is the same (Neuman, 2011). Questionnaire pre-testing makes sure that the reliability of respective scales would all be in compliance with the research design. The Cronbach's alpha was used to test the internal reliability in this study and the outcomes of analysis presented in the section 4.8.2.3.

#### **4.8.2.2 Data Collection Procedure of Pilot Study**

The data was collected from a single, appropriate shopping mall in Beijing city. The location selected is a concentrated, high profile and successful centre for luxury retailing in Asia, with such venues being relatively popular areas for purchase across the categories being assessed (Debnam & Svinos, 2007; Kim *et al.*, 2009). Permission was granted from the shopping mall to be assessed, and the consent form is included in Appendix E. The



research used the shopping mall intercept approach, as described earlier, to conduct the survey interviews in Beijing. A total of 160 questionnaires were distributed between 11.00am and 8.00pm during a three-week period (1<sup>st</sup> – 20<sup>th</sup> November 2011) for the pilot study, with 48 people declining to participate in the survey.

The project was initially explained to the respondents and, if interest was shown, they had to answer a screening questionnaire before they completed the main survey questionnaire. The interview was conducted only if each respondent had bought at least one item from the list of 13 Western luxury brands in the past three years (since January 2009). A copy of the English version questionnaire for the pilot study and coding plan is presented in Appendix J and L. Each interview took approximately 10–15 minutes to complete. After removing 11 incomplete and potentially unusable questionnaires, a final sample of 101 Chinese customers remained. This represents a response rate of 63% for the participation.

#### **4.8.2.3 Outcomes of the Pilot Study**

This study generated a high response rate, as indicated above, with a level of participation in absolute terms being more than adequate for a pilot study (Dillman, 2000; De Vaus, 2002). The measurement scales employed demonstrated a high level of reliability. The pilot study data provided Cronbach's  $\alpha$  value for each of the scale items between 0.722 and 0.880 (see below, Table 4.8), demonstrating that the questionnaire used in this study meets appropriate levels of reliability (Hair *et al.*, 2010; Bryman & Bell, 2011).

Table 4.8 Descriptive Statistics – Pilot Study

| Variables  | Mean | St. Dev. | Factor loading | Measurement scales (Percentage %) |             |                      |                               |                   |          |                   |
|--|------|----------|----------------|-----------------------------------|-------------|----------------------|-------------------------------|-------------------|----------|-------------------|
|  |      |          |                | 1= Strongly disagree              | 2= Disagree | 3= Somewhat disagree | 4= Neither disagree nor agree | 5= Somewhat agree | 6= Agree | 7= Strongly agree |
| <b>Brand affect</b> ( $\alpha=0.820$ )                         |      |          |                |                                   |             |                      |                               |                   |          |                   |
| (Chaudhuri & Holbrook, 2001; 2002)                             |      |          |                |                                   |             |                      |                               |                   |          |                   |
| 1. This luxury brand makes me happy.                           | 5.22 | 1.316    | 0.763          | 1.0                               | 6.9         | 1.0                  | 11.9                          | 29.7              | 38.6     | 10.9              |
| 2. I feel good when I use this luxury brand.                   | 5.39 | 1.326    | 0.664          | 2.0                               | 4.0         | 4.0                  | 7.9                           | 19.8              | 50.5     | 11.9              |
| 3. This luxury brand gives me pleasure.                        | 4.91 | 1.575    | 0.615          | 2.0                               | 11.9        | 5.0                  | 10.9                          | 25.7              | 33.7     | 10.9              |
| <b>Brand image</b> ( $\alpha=0.722$ )                          |      |          |                |                                   |             |                      |                               |                   |          |                   |
| (Alimen & Cerit, 2010)   |      |          |                |                                   |             |                      |                               |                   |          |                   |
| 1. This luxury brand is expensive.                             | 4.97 | 1.171    | 0.335          | 3.0                               | 7.9         | 12.9                 | 11.9                          | 13.9              | 30.7     | 19.8              |
| 2. This luxury brand is durable.                               | 5.41 | 1.274    | 0.283          | 0.0                               | 4.0         | 5.9                  | 9.9                           | 22.8              | 40.6     | 16.8              |
| 3. This luxury brand has technical sophistication.             | 5.77 | 1.112    | 0.396          | 0.0                               | 1.0         | 3.0                  | 8.9                           | 20.8              | 37.6     | 28.7              |
| 4. This luxury brand performs as expected.                     | 5.48 | 1.137    | 0.442          | 0.0                               | 2.0         | 4.0                  | 8.9                           | 33.7              | 32.7     | 18.8              |
| 5. This luxury brand targets high-income level.                | 4.81 | 1.547    | 0.244          | 1.0                               | 8.9         | 10.9                 | 17.8                          | 20.8              | 26.7     | 13.9              |
| 6. This luxury brand increases the respectability of its user. | 3.95 | 1.590    | 0.577          | 5.9                               | 17.8        | 8.9                  | 32.7                          | 18.8              | 8.9      | 6.9               |
| 7. This luxury brand is admired by my friends and relatives.   | 4.26 | 1.629    | 0.479          | 4.0                               | 12.9        | 14.9                 | 24.8                          | 18.8              | 14.9     | 9.9               |
| 8. This luxury brand expresses my personality.                 | 4.51 | 1.665    | 0.599          | 5.0                               | 10.9        | 9.9                  | 16.8                          | 28.7              | 16.8     | 11.9              |
| <b>Brand trust</b> ( $\alpha=0.730$ )                          |      |          |                |                                   |             |                      |                               |                   |          |                   |
| (Chaudhuri & Holbrook, 2001, 2002; Han & Sung, 2008)           |      |          |                |                                   |             |                      |                               |                   |          |                   |
| 1. I trust this luxury brand.                                  | 5.35 | 1.330    | 0.605          | 1.0                               | 4.0         | 5.9                  | 7.9                           | 27.7              | 36.6     | 16.8              |
| 2. I rely on this luxury brand.                                | 3.53 | 1.758    | 0.375          | 11.9                              | 22.8        | 16.8                 | 19.8                          | 13.9              | 6.9      | 7.9               |
| 3. This luxury brand is an honest brand.                       | 5.37 | 1.286    | 0.532          | 1.0                               | 2.0         | 4.0                  | 16.8                          | 24.8              | 31.7     | 19.8              |
| 4. I feel that I can trust this luxury brand completely.       | 4.82 | 1.539    | 0.629          | 1.0                               | 9.9         | 7.9                  | 19.8                          | 24.8              | 21.8     | 14.9              |

Table 4.8 Descriptive Statistics – Pilot Study (continued)

| Variables  | Mean | St. Dev. | Factor loading | Measurement scales (Percentage %) |             |                      |                               |                   |          |                   |
|--|------|----------|----------------|-----------------------------------|-------------|----------------------|-------------------------------|-------------------|----------|-------------------|
|  |      |          |                | 1= Strongly disagree              | 2= Disagree | 3= Somewhat disagree | 4= Neither disagree nor agree | 5= Somewhat agree | 6= Agree | 7= Strongly agree |
| <b>Luxury customer value</b> ( $\alpha=0.872$ )  |      |          |                |                                   |             |                      |                               |                   |          |                   |
| (Sweeney & Soutar, 2001; Wiedmann <i>et al.</i> , 2009)  |      |          |                |                                   |             |                      |                               |                   |          |                   |
| 1. This luxury brand offers value for money.   | 4.86 | 1.257    | 0.389          | 2.0                               | 3.0         | 6.9                  | 21.8                          | 33.7              | 26.7     | 5.9               |
| 2. This luxury brand has consistent quality.   | 4.99 | 1.345    | 0.443          | 2.0                               | 3.0         | 5.0                  | 24.8                          | 27.7              | 24.8     | 12.9              |
| 3. I buy this luxury brand to try to differentiate myself from others.                               | 3.64 | 1.514    | 0.580          | 9.9                               | 14.9        | 17.8                 | 28.7                          | 18.8              | 6.9      | 3.0               |
| 4. I buy this luxury brand to satisfying my personal needs.  | 5.11 | 1.341    | 0.372          | 3.0                               | 4.0         | 4.0                  | 11.9                          | 29.7              | 40.6     | 6.9               |
| 5. This luxury brand makes me feel good.   | 5.33 | 1.167    | 0.633          | 1.0                               | 2.0         | 1.0                  | 18.8                          | 26.7              | 37.6     | 12.9              |
| 6. Using this luxury brand is enjoyable.   | 5.15 | 1.337    | 0.549          | 2.0                               | 3.0         | 2.0                  | 21.8                          | 30.7              | 23.8     | 16.8              |
| 7. This luxury brand makes me want to use it.  | 5.18 | 1.337    | 0.573          | 1.0                               | 4.0         | 3.0                  | 22.8                          | 22.8              | 30.7     | 15.8              |
| 8. This luxury brand helps me to feel accepted.  | 4.00 | 1.556    | 0.675          | 6.9                               | 12.9        | 11.9                 | 32.7                          | 17.8              | 12.9     | 5.0               |
| 9. This luxury brand improves the way I am perceived.  | 3.83 | 1.662    | 0.728          | 6.9                               | 20.8        | 10.9                 | 29.7                          | 13.9              | 10.9     | 6.9               |
| 10. This luxury brand makes a good impression on other people.                                       | 4.25 | 1.688    | 0.675          | 6.9                               | 10.9        | 12.9                 | 23.8                          | 20.8              | 14.9     | 9.9               |
| 11. This luxury brand gives its owner social approval.   | 4.12 | 1.734    | 0.681          | 6.9                               | 13.9        | 11.9                 | 31.7                          | 10.9              | 12.9     | 11.9              |
| <b>Brand commitment</b> ( $\alpha=0.880$ )   |      |          |                |                                   |             |                      |                               |                   |          |                   |
| (Fullerton, 2005)  |      |          |                |                                   |             |                      |                               |                   |          |                   |
| 1. I feel emotionally attached to this luxury brand.   | 3.58 | 1.813    | 0.733          | 12.9                              | 24.8        | 11.9                 | 16.8                          | 12.9              | 16.8     | 4.0               |
| 2. This luxury brand has a great deal of personal meaning for me.                                    | 3.46 | 1.781    | 0.773          | 14.9                              | 24.8        | 12.9                 | 13.9                          | 18.8              | 10.9     | 4.0               |
| 3. I feel a strong sense of identification with this luxury brand.                                   | 3.78 | 1.659    | 0.648          | 6.9                               | 21.8        | 13.9                 | 24.8                          | 13.9              | 13.9     | 5.0               |
| 4. It would be very hard for me to switch away from this luxury brand right now even if I wanted to. | 3.32 | 1.822    | 0.700          | 16.8                              | 27.7        | 12.9                 | 13.9                          | 9.9               | 15.8     | 3.0               |
| 5. My life would be disrupted if I switched away from this luxury brand.                             | 2.48 | 1.418    | 0.716          | 29.7                              | 28.7        | 21.8                 | 8.9                           | 6.9               | 3.0      | 1.0               |
| 6. It would be too costly for me to switch from this luxury brand to other luxury brands.            | 2.64 | 1.604    | 0.570          | 25.7                              | 34.7        | 13.9                 | 11.9                          | 6.9               | 3.0      | 4.0               |

#### 4.8.2.4 Feedback from the Pilot Study

The feedback and comments received from participants have been summarised in Table 4.9.

Table 4.9 Summarised Feedbacks Received from Pilot Study

| Issues  | Evidences   |
|---|---|
| Reviewed construction of the survey instrument. For example, the order and flow of questions and the layout of the questionnaires, etc. | <ul style="list-style-type: none"> <li>• To avoid double or triple banking of answer choices (Dillman, 2000). For example, Q36, Q37, and Q38 in the Section B.</li> <li>• To remove the ‘official use’ column. Chinese consumers do not have experience to use the column.</li> <li>• To place more blank space questions.</li> <li>• To separate Section B on the new page.</li> <li>• To use the skip patterns for the Q36 in the Section B.</li> <li>• To remove the subtitle for each construct in Section A.</li> <li>• To list answer categories vertically instead of horizontally (Dillman, 2000). For example, Q33, Q34, Q35, Q36, Q37, and Q38.</li> <li>• To use the measurement scale to measure the statements rather than using the numbers.</li> </ul> |
| Reformulated items where a simple item rewording would improve the questionnaire administration.  | <ul style="list-style-type: none"> <li>• To suggest using ‘this luxury brand’ instead of ‘my favourite luxury brand’ for each statement.</li> <li>• To reword the meaning under the Chinese context. For example, Q23 and Q30.</li> </ul>   |
| Assessed the measurement scale’s layout and sequence.   | No comments.  |
| Evaluated the requirement for additional questions.   | <ul style="list-style-type: none"> <li>• To list the most favourite luxury brand they have purchased.</li> <li>• To ask the purchase frequency and spending power on Western luxury brands in the past 12 months.</li> <li>• To include certain questions about the purchasing behaviour.</li> <li>• To add more interesting questions regarding culture, history and brand story.</li> <li>• To update the list of Western luxury brands/products.</li> <li>• To distinguish the questions. Several questions were similarly designed. For example, Q1 and Q3 in Section A.</li> </ul>   |
| Examined if it is necessary to eliminate any items that have no clear meaning and were not considered relevant.                         | No comments.  |
| Appraised a set of items to measure the brand commitment in the luxury brands sector.   | <ul style="list-style-type: none"> <li>• To consider the consequences of brand commitment (purchase intentions and willingness to pay a price premium) within the proposed research model.</li> <li>• MPP panel also suggested that purchase intentions or consequence of brand commitment need to be involved in the research model; these were presented earlier.</li> </ul>  |

Source: Author

After the pilot study, various changes and modifications were made to the final questionnaire. As previously mentioned, certain measurement scales were rephrased regarding the participants' comments in order to attain a clearer understanding. A set of good measurement scales with the precise meaning and clear understanding is significant when encouraging a large and effective response (Dillman, 2000; Aaker *et al.*, 2011). Finally, the questionnaire was finalised after being approved by the pilot respondents. The pilot questionnaire and actual questionnaire in Appendix J and M demonstrate how these changes have been implemented. The coding plan for the main study questionnaire is presented in Appendix O. Furthermore, the screening questionnaire was amended to include a greater range of luxury brands alongside specifics relating to time, frequency and location of purchase, while the actual survey instrument was enhanced in terms of appearance and included purchase specifics (see Appendix M).

## **4.9 Sampling Plan**

This section discusses the sampling plan used to obtain the sample for the study. The sampling methods, sampling procedure, sample size and sample choice will be highlighted.

### **4.9.1 Sampling Methods**

Sampling methods can be divided into two types: probability (random) sampling and non-probability (non-random) sampling (Bryman & Bell, 2011; Neuman, 2011), each of which can be categorised into different sampling techniques:

- (1) Probability sampling: simple random sampling, systematic sampling, stratified random sampling, cluster sampling and multi-stage sampling (see details in Table 4.10).
- (2) Non-probability sampling: convenience sampling, purposive or judgemental sampling, quota sampling, self-selection sampling and snowball sampling (see details in Table 4.11).

#### 4.9.1.1 Probability Sampling

In this sampling approach, every individual or object in the population of interest has an equal chance of being chosen for study (Bryman & Bell, 2011). If undertaken properly and with care the potential for survey bias can be much reduced. It is therefore assumed that a representative sample is more likely to be the outcome when this method of selection from the population is employed.

Table 4.10 Five Types of Probability Samples

| Type of Sample                    | Technique  |
|-----------------------------------|--|
| <b>Simple random sampling</b>     | <p>A most well-known method of probability sampling (Bryman &amp; Bell, 2011). Each sampling element in the population will have an equal probability of being selected. The population elements are selected one at the same time, independent of each other and without replacement (Brewer, 2000). There are two main approaches to obtain a list of random numbers: a random number table and computer program to produce a list of random numbers (Neuman, 2011).</p> <p>This method helps to avoid subjective bias arising from a personal selection of sampling units. However, in practice, simple random sampling is costly and difficult to execute (Brewer, 2000); and not suitable to conduct a face-to-face survey that covers a large geographical area.</p> |
| <b>Systematic sampling</b>        | <p>All elements of a population are not provided an equal chance to be selected in this type of sampling method. It is a random sample in which a researcher selects every 'kth' case in the sampling frame using a sampling interval, and then to take every 'kth' case (Neuman, 2011). Limitation of the technique is when the study is required to collect the data with face-to-face contact (Bryman &amp; Bell, 2011).</p>  |
| <b>Stratified random sampling</b> | <p>Within this sampling method, population will be subdivided into several categories or strata (such as age bands), and random sample are drawn from each category (Neuman, 2011). The advantage of the sampling method is to ensure that the resulting sample will be distributed in the same way as the population in terms of the stratifying criterion (Bryman &amp; Bell, 2011).</p>   |
| <b>Cluster sampling</b>           | <p>This sampling method normally been used when lack of a good sampling frame for a dispersed population and the high cost to reach a sampled element (Brewer, 2000).</p> <p>Cluster sampling is a type of random sample that uses multiple stages and is often employed to cover a broad geographic region in which aggregated units are randomly selected and then samples are drawn from the sampled aggregated units or clusters (Brewer, 2000; Neuman, 2011). This sampling method can substantially reduce time-consuming and costly face-to-face data collection, but also reduces accuracy by increasing sampling error (Brewer, 2000).</p>  |
| <b>Multi-stage sampling</b>       | <p>This method, also named multi-stage cluster sampling, combines cluster sampling and stratified sampling (Bryman &amp; Bell, 2011).</p>  |

Source: Author

#### 4.9.1.2 Non-Probability Sampling

Non-probability samples are those that involve participant selection from the population in a non-random manner (Bryman & Bell, 2011). Non-randomness can allow the selection process to be simplified, including selection made on the basis of convenience which is typically much easier, quicker and less expensive, especially when compared with the various probability sampling approaches.

Table 4.11 Five Types of Non-Probability Samples

| Type of Sample                           | Technique   |
|--|---|
| <b>Convenience sampling</b>              | It seeks to obtain people who are willing to participate in the survey and are also conveniently available when you need them (Bryman & Bell, 2011). Convenience samples are often adopted to obtain a large number of completed questionnaires quickly and economically (Bryman & Bell, 2011). However, it often produces non-representative samples and it is not recommended for creating an accurate sample representative of the population (Neuman, 2011).  |
| <b>Purposive or judgemental sampling</b> | It uses the judgement of an expert in selecting cases (Neuman, 2011). This method enables researchers to use their judgement to select cases that will best answer the research question(s) and to achieve the research objective(s) (Bryman, 2012). Particularly, this method is a valuable sampling type for special situations.  |
| <b>Quota sampling</b>                    | <p>It is used to ensure that the sample is representative of the population by selecting cases in a way that the proportion of sample cases possessing certain categories (e.g., gender, age, class, etc.) is approximately the same as the proportion of categories in the actual population.</p> <p>This sampling method has three limitations (Neuman, 2011). Firstly, it only captures a few aspects of all the population diversity and ignores others. Secondly, the fixed number of cases in each category may not accurately reflect the proportion of cases in the total population of the category. Finally, the convenience sampling method will be used to select for each quota category. However, a well-designed quota sampling is an acceptable non-probability substitute method for producing a quasi-representative sample (Babbie, 2012).</p> |
| <b>Self-selection sampling</b>           | This method happens when each case has been identified by their desire to participate in the research. Usually, the requirement will be publicised either by advertising through appropriate social media or by asking respondents to contribute into the study (Bryman & Bell, 2011).  |
| <b>Snowball sampling</b>                 | This method is normally used when it is difficult to achieve elements of the targeted population. Snowball sampling is a multistage technique (Neuman, 2011). The procedure begins when a researcher contacts one or two cases and then, based on information about interrelationships from these cases, identifies other cases, and the process is repeated again and again. The challenge is to make the initial contacts in this sampling method (Bryman & Bell, 2011).  |

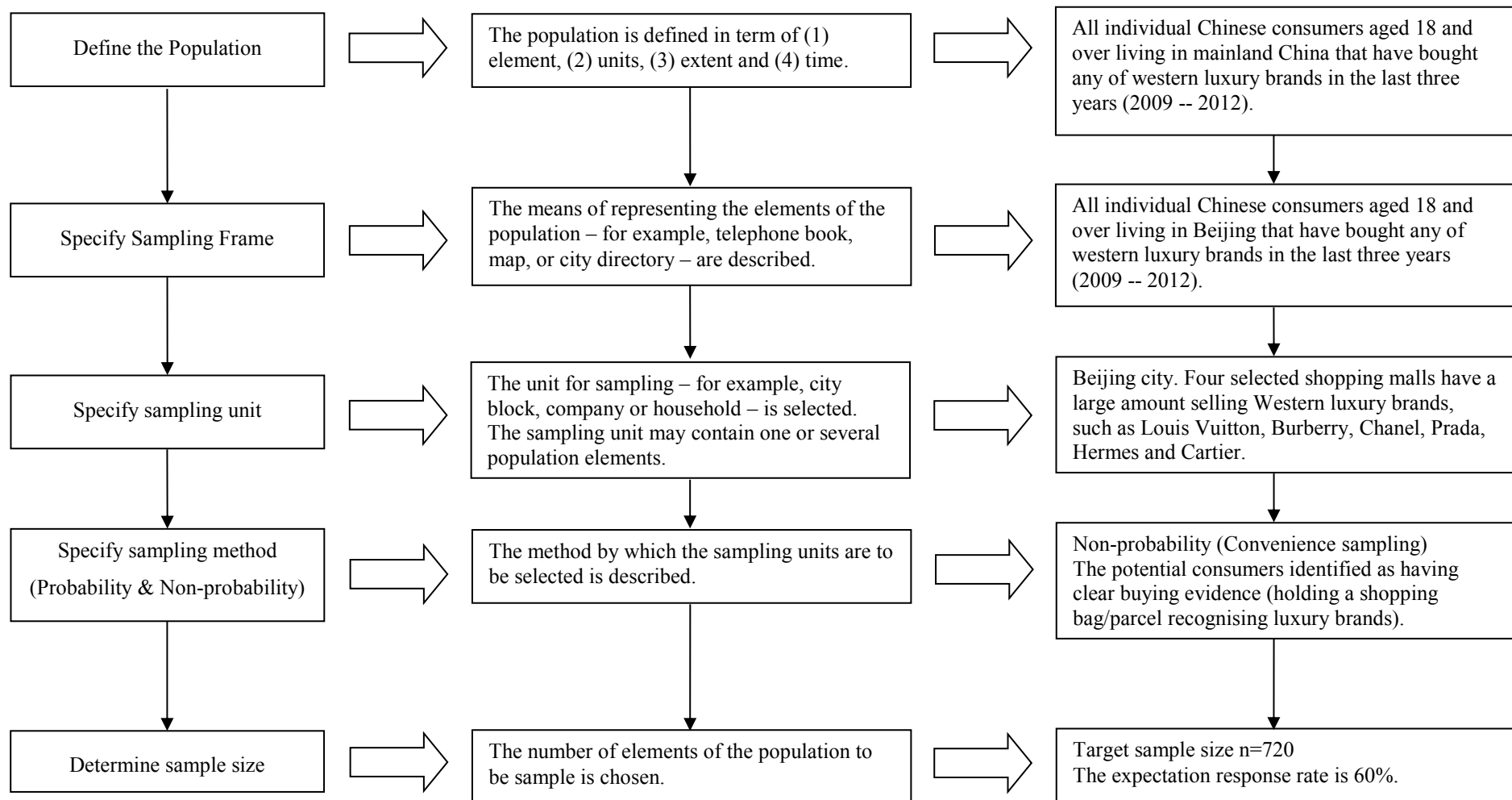
Source: Author

Ideally, randomly selected samples are statistically representative of the population and, as such, permit confident generalisation from the samples to the larger population (Neuman,

2011). From a practical perspective, many research studies are unable to meet the criteria of probability sampling given the excess cost or time requirements, as well as accessibility to the potential participant. Moreover, non-probability sampling approaches are used when a sampling frame representing the population in question is either unavailable or impossible to ascertain (Blaxter *et al.*, 2010). In such cases, researchers follow a quantitative research design and choose to adopt non-probability techniques as statistically inferior but practically more usable research alternatives to probability sampling techniques (Neuman, 2011). The sampling process is illustrated below in Figure 4.5, which used in the primary research process.



Figure 4.5 Sampling Process



#### **4.9.2 Justification for Choosing Non-Probability Sampling**

After carefully considering the various arguments relevant to sampling approach, this study adopts what it considers to be the sampling method with the most potential, that of a non-probability sampling approach. There is an absence of a sampling frame in this study and it was not possible to reach a sample frame as required for probability sampling. Because the researcher was limited by budget (the researcher is self-funding), time, lack of workforce, travel time and other costs also being probability faces. The study was also restrained by a small geographical area in which to conduct the survey. However, this is not considered to have had adverse results, as non-probability samples can still be used effectively in similar research projects, as presented in Table 4.12 below.

Table 4.12 Empirical Studies using Non-Probability Sampling

| Author(s)/<br>Year          | Research aim  | Contexts   | Luxury goods selection   | Methodology<br>Sampling/Sample size  | Approach  | Tool  |
|-----------------------------|---|--|--|--|---|---|
| Wong and Zaichkowsky (1999) | To understand consumers' attitudes, perceptions and buying behaviours toward luxury brands in Hong Kong.  | China (Hong Kong)  | Men's and women's fashions, perfumes, jewellery and accessories (watches and pens) Rolex, Cartier, Louis Vuitton, Chanel, Gucci, and Patek Philippe.   | Non-probability (Convenience sampling)<br><br>n=70   | A face-to-face mall intercept.                            | Self-administered questionnaires<br><br>7-point semantic differential scale (1=strongly disagree, 7=strongly agree) |
| Vigneron and Johnson (2004) | To understand what is meant by luxury brand, and on the development of a scale to measure the dimensions of perceived luxury.                                       | Australia  | Bally leather shoes, BMW 750i, Hugo Boss, Grace Brothers, Cartier, Chanel No5, Christian Dior, Gucci sunglasses, Ferrari F355, Hermes, Hilton, David Jones, Moet & Chandon, Nike Air, and Louis Vuitton. | Non-probability (Convenience sampling)<br><br>n=1,322 (Undergraduate and postgraduate business students) | Collected from the lectures in a university in Australia. | Self-administered questionnaires<br><br>7-point semantic differential scale   |
| Park <i>et al.</i> (2008)   | To identify the determinants of young South Korean consumers' purchasing intentions toward foreign luxury fashion brands and their relative importance.             | Korea  | Luxury handbags, wallets, and luggage.<br><br>(Prada, Cartier, Louis Vuitton, Gucci, Chanel, and Bally)  | Non-probability (Convenience sampling)<br><br>n=420  | Collected from class in a university in Seoul.            | Self-administered questionnaires<br><br>7-point Likert scale [(-3)= extremely unlikely, (+3)= extremely likely]     |
| Gao <i>et al.</i> (2009)    | To investigate market segmentation of affluent Chinese consumers and develop profiles of identified segments for potential target markets for luxury fashion goods. | China (Beijing, Shanghai, Shenzhen, Guangzhou, and Hangzhou, etc.) | Not Known  | Non-probability (Quota sampling)<br><br>n=9,841  | Indoor interviews.  | Self-administered questionnaires<br><br>5-point Likert scale (1=strongly disagree, 5=strongly agree)                |

Table 4.12 Empirical Studies using Non-Probability Sampling (Continued)

| Author(s)/<br>Year            | Research aim   | Methodology  |  |   |   |  |
|-------------------------------|--|--|--|---|---|--|
|                               |  | Contexts   | Luxury goods selection                             | Sampling/Sample size                                  | Approach  | Tool   |
| Wang <i>et al.</i> (2010)     | To explore Chinese consumers' motivations for purchasing luxury products, and to unravel the interrelationships among individual differences, motives and luxury consumption.  | China  | Not Known  | Non-probability (Convenience sampling)<br><br>n=473   | Carried out by a professional business research centre in China.              | Self-administered questionnaires<br><br>5-point Likert scale (1=strongly disagree, 5=strongly agree) |
| Wang <i>et al.</i> (2011)     | To examine Chinese consumers' motives, attitude toward luxury brands (ATLB), and the impact of ATLB on consumer behaviour.   | China  | Not Known  | Non-probability (Convenience sampling)<br><br>n=610   | Carried out by a professional business research centre in China.              | Self-administered questionnaires<br><br>5-point Likert scale (1=strongly disagree, 5=strongly agree) |
| Bian and Forsythe (2012)      | To examine the effects of individual characteristics and brand associated variables (i.e., social-function attitudes toward luxury brands and affective attitude) on U.S. and Chinese consumers' purchase intention for luxury brands. | China (Shanghai)<br><br>Southeast U.S.   | Louis Vuitton, Ralph Lauren Polo, Coach, and Nike. | Non-probability (Convenience sampling)<br><br>n=394   | Collected from the major public universities.                                 | Self-administered questionnaires<br><br>7-point Likert scale (1=strongly disagree, 7=strongly agree) |
| Hennigs <i>et al.</i> (2012b) | To examine the antecedents and outcomes of luxury value as perceived by customers on a global level.   | Brazil, France, Germany, Hungary, India, Italy, Japan, Spain, Slovakia, United States. | Not Known  | Non-probability (Convenience sampling)<br><br>n=1,275 | Collected from students who study marketing and management at the University. | Self-administered questionnaires<br><br>5-point Likert scale (1=strongly disagree, 5=strongly agree) |

Table 4.12 Empirical Studies using Non-Probability Sampling (Continued)

| Author(s)/<br>Year         | Research aim   | Methodology                   |   |  |  |  |
|----------------------------|--|-------------------------------|---|--|--|--|
|                            |  | Contexts                      | Luxury goods selection  | Sampling/Sample size                                   | Approach   | Tool   |
| Li <i>et al.</i><br>(2012) | To examine Chinese consumers' willingness to pay for luxury fashion brands related to their fashion lifestyle and perceived value.   | China<br>(Beijing and Harbin) | Gucci, Hermes, Chanel, Prada, LV, Dior, DKNY, VG and Armani.  | Non-probability<br>(Convenience sampling)<br><br>n=585 | Online survey<br><br>Offline survey<br>(Sample from one company, one bank, and one university) | Self-administered questionnaires<br><br>7 -point Likert scale<br>(1=strongly disagree, 7=strongly agree)       |
| Wu <i>et al.</i><br>(2012) | To develop a comprehensive research model in order to fully understand how scarcity affects consumer value perception and purchase intention.  | Taiwan                        | Gucci   | Non-probability<br>(Convenience sampling)<br><br>n=285 | Online survey  | Self-administered questionnaires<br><br>7-point Likert scale<br>(1=strongly disagree, 7=strongly agree)        |
| Zhan and He<br>(2012)      | To investigate the underlying motivations for luxury consumption among Chinese middle-class consumers by testing the relationships between psychological traits and attitudes toward the best-known luxury brands. | China<br>(Shanghai)           | Handbags/suitcases:<br>(Louis Vuitton, Prada and Dunhill)<br><br>Designer clothing:<br>(Giorgio Armani, Dunhill, and Ralph Lauren)<br><br>Watches:<br>(Rolex, Omega, and TAG) | Non-probability<br>(Convenience sampling)<br><br>n=359 | Online survey  | Online self-administered questionnaires<br><br>5-point Likert scale<br>(1=strongly disagree, 5=strongly agree) |

Source: Author

Consequently, assessment of the literature points to the large take-up of non-probability sampling and the successful realisation of a number of projects in the broad subjects of marketing research.

#### **4.9.3 Determining the Sample Size for the Substantive Study**

Burns and Bush (2010) emphasise that sample size has an important impact on the accuracy of representation. The larger the sample size, the generalisations are more likely to reflect the population at an accurate level (Bryman, 2012). Larger sample size means less chance of error (De Vaus, 2002). There are certain determinants that can influence the sample size, such as time available, expense and access to respondents for data collection (Hair *et al.*, 2010), as well as the statistical analysis approach that the researcher intends to use (Bryman & Bell, 2011).

After the pilot study achieved over 100 responses, this demonstrated potential ease of consumer access and participation, as well as achieving appropriate levels of input for such a study, as the substantive part of the research requires great participation. This is to ensure the potential for study generalisation and the necessity to undertake specific data analysis. In addition, four shopping malls were selected in Beijing city after permission was granted. These shopping malls provide locations that are popular, well frequented and accessible venues for sale of relevant luxury products (Debnam & Svinos, 2007).

It is desirable to use an adequately large sample size in order to obtain results which are representative of the population. Stevens (2001) advocated that the sample size requirements supported by researchers have been reducing over the years as more research has been conducted on the same topic. Therefore, the researcher has reviewed the sample sizes used in similar research on measuring brand commitment and purchasing intention as a guide to an adequate research sample size. The empirical studies are presented in Table 4.13.

Table 4.13 Demographic Benchmarking – Empirical Large Scale Research Projects

|                             |                                | Author(s)                 |                          |                              |                                  |                                |
|-----------------------------|--------------------------------|---------------------------|--------------------------|------------------------------|----------------------------------|--------------------------------|
|                             |                                | Wong & Zaichkowsky (1999) | Gao <i>et al.</i> (2009) | Wang <i>et al.</i> (2010)    | Hung <i>et al.</i> (2011)        | Li <i>et al.</i> (2012)        |
| <b>Sample Size</b>          |                                | n=70                      | n=9,841                  | n=473<br>(response rate 35%) | n=1,380<br>(response rate 78.8%) | n=480<br>(response rate 82.1%) |
| <b>Gender</b>               |                                | 57.0%                     | 53.3%                    | 42.9%                        | 32.5%                            | 22.7%                          |
|                             | <i>Male</i>                    |                           |                          |                              |                                  |                                |
|                             | <i>Female</i>                  | 43.0%                     | 46.7%                    | 57.1%                        | 67.5%                            | 77.3%                          |
| <b>Age</b>                  |                                |                           |                          |                              |                                  |                                |
|                             | <i>25 and below</i>            | Not Known                 | 13.5%                    | Not Known                    | 26.2%                            | 6.8%                           |
|                             | <i>26-35</i>                   | 61.0%                     | 60.7%                    | Not Known                    | 32.2%                            | 50.1%                          |
|                             | <i>36-45</i>                   | 23.0%                     | 25.8%                    | Not Known                    | 24.9%                            | 25.4%                          |
|                             | <i>45 and above</i>            | 16.0%                     | Not Known                | Not Known                    | 16.7%                            | 8.7%                           |
|                             | <i>Mean age</i>                |                           |                          | 31                           | 40                               |                                |
| <b>Education</b>            |                                |                           |                          |                              |                                  |                                |
|                             | <i>Diploma or certificate</i>  | 26.0%                     | 42.7%                    | 61.7%                        | 5.6%                             | 31.0%                          |
|                             | <i>Graduate or equivalent</i>  | 16.0%                     | 47.7%                    | 50.6%                        | 75.6%                            | 47.2%                          |
|                             | <i>Post graduate and above</i> | 28.0%                     | 9.6%                     | 11%                          | 18.8%                            | 21.8%                          |
| <b>Monthly income (RMB)</b> |                                |                           |                          |                              |                                  |                                |
|                             | <i>Less than 5,000</i>         | Not Known                 | 40.4%                    | Not Known                    | Not Known                        | 66.6%                          |
|                             | <i>5,001 –8,000</i>            | Not Known                 | 35.2%                    | Not Known                    | 25.1%                            | 15.1%                          |
|                             | <i>8,001 and over</i>          | Not Known                 | 24.4%                    | Not Known                    | Not Known                        | 18.3%                          |

Table 4.13 Demographic Benchmarking – Empirical Large Scale Research Projects (Continued)

|                             |                                | Author(s)                    |                          |                              |                                  |                                |
|-----------------------------|--------------------------------|------------------------------|--------------------------|------------------------------|----------------------------------|--------------------------------|
|                             |                                | Wang <i>et al.</i> (2011)    | Bian and Forsythe (2012) | Wu <i>et al.</i> (2012)      | Zhan and He (2012)               | Zhang and Kim (2013)           |
| <b>Sample Size</b>          |                                | n=473<br>(response rate 35%) | n=200                    | n=285<br>(response rate 84%) | n=5,000<br>(response rate 8.98%) | n=161<br>(response rate 94.2%) |
| <b>Gender</b>               |                                |                              |                          |                              |                                  |                                |
|                             | <i>Male</i>                    | 42.9%                        | 28.0%                    | 46.0%                        | 38.7%                            | 32.3%                          |
|                             | <i>Female</i>                  | 57.1%                        | 72.0%                    | 54.0%                        | 61.3%                            | 67.7%                          |
| <b>Age</b>                  |                                |                              |                          |                              |                                  |                                |
|                             | <i>25 and below</i>            | Not Known                    | Not Known                | 60.7%                        | 32.6%                            | 39.1%                          |
|                             | <i>26-35</i>                   | Not Known                    | Not Known                | Not Known                    | 34.8%                            | 52.8%                          |
|                             | <i>36-45</i>                   | Not Known                    | Not Known                | Not Known                    | 25.1%                            | 7.2%                           |
|                             | <i>45 and above</i>            | Not Known                    | Not Known                | Not Known                    | 7.5%                             | 0.9%                           |
|                             | <i>Mean age</i>                | 31                           | 19                       |                              |                                  |                                |
| <b>Education</b>            |                                |                              |                          |                              |                                  |                                |
|                             | <i>Diploma or certificate</i>  | 61.7%                        | Not Known                | Not Known                    | 33.5%                            | 11.0%                          |
|                             | <i>Graduate or equivalent</i>  | 50.6%                        | Not Known                | 59.3%                        | 59.0%                            | 55.3%                          |
|                             | <i>Post graduate and above</i> | 11%                          | Not Known                | Not Known                    | 7.5%                             | 33.7%                          |
| <b>Monthly income (RMB)</b> |                                |                              |                          |                              |                                  |                                |
|                             | <i>Less than 5,000</i>         | Not Known                    | Not Known                | 65.6%                        | 32.3%                            | 0.0%                           |
|                             | <i>5,001 –8,000</i>            | Not Known                    | Not Known                | Not Known                    | 19.8%                            | 23.4%                          |
|                             | <i>8,001 and over</i>          | Not Known                    | Not Known                | Not Known                    | 47.9%                            | 76.6%                          |

Source: Author



The average sample size for the studies presented is around 600, albeit with an unequal distribution across the different contexts in which they were used (see Table 4.13). In further deciding on the sample size for this study, the researcher also considered the sample size requirements, with specific reference to the desired statistical analysis to be undertaken. There is an agreement among the statistical literatures that the larger the sample size the better to assess the data analysis (Hair *et al.*, 2010). Tabachnick and Fidell (2013, p. 618), based on the structural equation modelling (SEM) requirement, asserted that “it is comforting to have at least 300 cases for factor analysis, and just three or four indicators for each factor”. Specifically, sample sizes of more than 500 are required under the poor conditions of low communalities (square multiple correlation among variable  $<0.60$ ) and a larger number of weakly determined factors (variables with loadings  $<0.80$ ) (Tabachnick & Fidell, 2013).

#### **4.9.4 Impact of Sample Size on Proposed Method of Analysis**

The proposed analysis of this study will include confirmatory factor analysis (CFA) and SEM, detailed later in this Chapter. The critical question in SEM involves how large a sample is needed, since it is generally understood among statisticians that SEM requires a large number. As Marsh (2009, p. 441) stated on SEMNET: “Golden rules or even guidelines about appropriate sample size are very tricky”. This is normally because the guidelines are based on studies that have been typically limited in generalisability as a consequence of the related research having been determined by conditions (Hair *et al.*, 2010).

Fit indices with SEM sample size takes on paramount importance, with the simple rule that bigger is always better (Iacobucci, 2010). In order to ensure the powerful statistical tests and confidence in results are as desired, the larger the sample the better (Tabachnick & Fidell, 2013). Moreover, the findings of Anderson and Gerbing (1991) demonstrated that fit indices are generally worsened as the number of factors in the model or number of variables per factors increased. Hence, the model complexity further requires great sample size and study participants. Kline (2011) suggests rough guidelines toward the optimal SEM sample size, saying that with fewer than 100 cases almost any type of SEM analysis is invalid except the most simplistic of models. Hair *et al.* (2010) revealed that the minimum ratio between sample size should be at least five respondents for each estimated parameter, with a ratio of 10 respondents per parameter considered most appropriate. In the

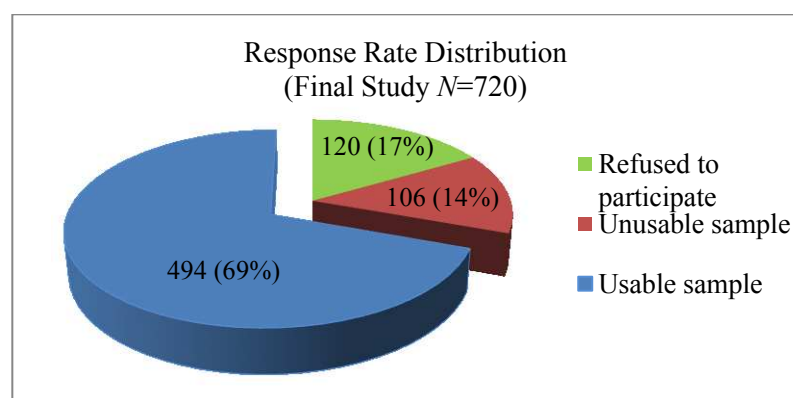
context of this study, this would suggest that more than 120 cases should be involved as 12 parameters are included in this study. Hu *et al.* (1992) found that when the normality assumption is reasonable, both the Maximum Likelihood and Scaled ML (estimation of parameters in SEM) performed well with a sample size in excess of 500. Therefore, to consider the model complexity of this study and the rough guidelines from previous research, approximately 500 responses were judged to meet the requirements for SEM analysis.

To put this requirement into its practical setting, the researcher aimed to generate 180 participants for each of four shopping malls, this generating an overall sample of the size that would be suitable and sufficient for this research. A total of 720 consumers were targeted within the substantive study over two and half months. From this set of particular participants, 494 resultant questionnaires were deemed usable after the removal of 106 uncompleted questionnaires, with a further 120 potential participants from the 720 refusing to participate in the survey.

#### 4.9.5 The Final Study – Participant Details

After the pilot study (Stage 1), for Stage 2 the sample size was increased from 200 to 700 in order to achieve a representative sample. A total of 720 survey questionnaires were distributed; however, 120 refused to participate and 106 were unusable. In total, 494 valid responses were obtained, giving a response rate of 69% during the data collection period (see Figure 4.6). The final study was undertaken between June and September in 2012 and was centred on four shopping malls located in the CBD area in Beijing as indicated, utilising the amended survey instrument and involving a team of three led by the researcher of this study.

Figure 4.6 Response Rate Distribution – Final Study



The high response rate was arguably supported by the presentation of an inexpensive gift for completing the survey and the use of trained interviewers who would perform a quick on-the-spot check of the completed questionnaire to avoid potential errors. In other words, respondents were offered an incentive to participate in the study in the form of an opportunity to receive a Starbucks coffee voucher valued at £3. The intercept approach to collect the data in the four shopping malls was again justified through achieving higher levels of participation. This utilisation of the mall intercept approach further endorses its suitability, building on its application in a similar study in this part of the world.

## **4.10 Method of Data Analysis**

### **4.10.1 Statistical Software – SPSS**

Data from the survey questionnaire was analysed through the statistical package, SPSS (version 21.0) for Windows (Bryman & Bell, 2011). The SPSS program enables data from surveys and experiments to be analysed fully and flexibly (Neuman, 2011). The data analysis will involve employing different statistical tools which are described below.

### **4.10.2 Structural Equation Modelling (SEM)**

SEM is a family of statistical models which is used as a means to analyse hypothesised relationships (Hair *et al.*, 2010). This technique not only allows researchers to analyse a set of latent factors much like independent and dependent variables in regression analysis (Segars & Grover, 1993), but also provides a comprehensive means of assessing and modifying theoretical models (Mackenzie, 2001). SEM offers great potential for furthering theory development. SEM is also able to accommodate multiple interrelated dependence relationships in a single model. It provides a confirmatory test to a series of causal relationships. The causality issue that SEM proclaims is often criticised (Hair *et al.*, 2010). Causation refers to the principle by which cause and effect are established between two variables. It requires that there is a sufficient degree of association between the two variables, that one variable occurs before the other, that one variable is clearly the outcome of the other, and that there are no other reasonable causes for the outcome (Hair *et al.*, 2010). Hair *et al.* (2010) point out that SEM estimates a series of separate, but interdependent, multiple regression equations simultaneously by specifying the structural

model used by the statistical program. Amos (version 21.0) is chosen to test SEM for this study due to its simplicity and user-friendly features.

#### **4.10.3 Advantages for Using SEM**

SEM was selected as a statistical methodology because it provides several advantages over simpler methods of data analysis (Hair *et al.*, 2010; Garson, 2012):

- It encompasses more flexible assumptions, particularly allowing interpretation even with the existent multicollinearity.
- SEM makes use of confirmatory factor analysis to reduce measurement error by allowing multiple indicators per latent variable as defined by the scale and constitute the item selected in the study. Every latent construct in this study will be measured with at least three indicators.
- Its potential allows superior model visualisation by means of its graphical modelling interface. This is one of Amos's major advantages when compared to all other SEM packages.
- SEM provides an overall testing of the hypothesised model rather than coefficients individually. For complex models such as this one, this approach is potentially valuable.
- SEM can test models with multiple dependents.
- SEM can model error terms.
- And, finally, it can provide comparison of alternative models to assess relative model fit to make it more robust.

#### **4.10.4 Confirmatory Factor Analysis (CFA)**

CFA is used to confirm an expected factor structure rather than to determine a structure (Schmitt, 2011). SEM plays a confirmatory role because the researcher has complete control over the specification of indicators for each construct. Frequently, CFA is used when the researcher has a sound knowledge of the number of factors that are required to explain the inter-correlations among the measured variables (Sureshchandar *et al.*, 2002). CFA is more suitable to use when the proposed research model is constructed on logic and theoretical findings (Byrne, 2010). Researchers hypothesise the association between the observed measurement and the underlying factors. CFA also provides an indication of how

well the actual data conform to the specified factor pattern (DeVellis, 2003; Hair *et al.*, 2010). Given the fact that consumer-brand relationship and purchasing intentions are at an advanced stage of marketing research, the interest of this study mainly concentrates on the interrelationships between the constructs of consumer-brand relationship and purchasing intentions, and so using CFA technique will be considered as appropriate for this study.

#### **4.10.5 Justifications for Using SEM**

The motivations to adopt SEM in this study are based on the work of Steenkamp and Baumgartner (2000). They provide three principles of SEM that fit with the aim of this study, including: (1) focus on theoretical explanation rather than on prediction, (2) incapability of directly measuring encompassing constructs, and (3) necessity of the inclusion of measurement error. SEM is covariance-based rather than variance-based. The estimation techniques used in SEM attempt to minimise a function that depends on the differences between the variances and covariances implied by the model and the observed variances and covariances. Compared to other modelling techniques, SEM is more focused on explaining marketing phenomena than on predicting specific outcome variables (Steenkamp & Baumgartner, 2000). In line with this, this study attempts to explain why Chinese consumers intend to purchase Western luxury brands, rather than to predict the intentions to purchase Western luxury brands.

Moreover, the constructs (factors) that are used in this study (brand commitment, brand trust or social value) are rich in nature and cannot easily be defined; they differ among persons and situations. Therefore, they cannot be directly observed. They can only be measured through observable measures (items) that vary in their degree of observational meaningfulness and validity. A single indicator is not likely to capture the full theoretical meaning of each underlying construct and, consequently, multiple indicators are necessary (Steenkamp & Baumgartner, 2000; Neuman, 2011). In addition, observed measures of theoretical constructs always have some measurement error, and the correspondence between constructs and their measures has to be an explicit component of the model. In SEM, the interplay between constructs and measures plays a crucial role in theory development and model testing, and in deriving empirical generalisations. Apart from these principles, SEM is also capable of comparing relationships between latent factors across groups and contexts (Steenkamp & Baumgartner, 2000), making the choice for SEM an obvious one. However, Tabachnick and Fidell (2013) discussed the limitation of

SEM in that it must be used to test a theory. SEM cannot function without prior knowledge of potential relationships among variables. This is perhaps the largest difference between SEM and other techniques. This issue could be borne out in this study, as the research model was developed based on an extensive literature review.

#### **4.10.6 Reliability**

A critical aspect in the evolution of a fundamental theory in any marketing concept is the development of good measures to obtain valid and reliable estimates of the constructs of interest (Sekaran & Roger, 2013). Reliability is “a measure of the degree to which a set of indicators of a latent construct is internally consistent based on how highly interrelated the indicators are with each other” (Hair *et al.*, 2010, p. 636). It is a function of internal consistency of interrelatedness of items and frequently substituted for convergent validity (Schmitt, 1996). There are several ways to assess reliability, including the test-retest method and equivalent-form technique (Nunnally & Bernstein, 1994; Aaker *et al.*, 2011). The former is obtained by repeating the same measure under equal conditions. The latter is concerned with the correlation of responses in two comparable sets of measures. Inter-item reliability and split-half reliability normally are used to observe consistency by testing the correlation of the items and the subsets of items in the measuring instrument (Iacobucci & Churchill Jr, 2010; Aaker *et al.*, 2011; Sekaran & Roger, 2013). Inter-item reliability is considered to be the most general form of reliability estimation (Nunnally & Bernstein, 1994). Internal consistency is frequently estimated using a reliability coefficient named Cornbach’s alpha (Bryman & Bell, 2011).

The aim of using this testing technique is to obtain a concise set of items which would be meaningful to Western luxury brands in mainland China. After reviewing recent research studies that used reliability to test the consumers’ luxury value perception scales with levels ranged from 0.604 to 0.960 (Vigneron & Johnson, 2004; Christodoulides *et al.*, 2009; Wiedmann *et al.*, 2009; Hung *et al.*, 2011), the researcher decided to use an alpha of 0.7 as the minimal accepted level in this study. There are different reports regarding the acceptable values of alpha, ranging from 0.70 to 0.95 (Curwin & Slater, 2002; Hair *et al.*, 2010). Table 4.14 summarises the accepted level of reliability by researchers.

Table 4.14 The Accepted Level of Reliability

| Author(s)   |                         | Recommended Cronbach's alpha level |
|---|-------------------------|------------------------------------|
| Robinson <i>et al.</i> (1991);<br>Hair <i>et al.</i> (2010) | Exploratory research    | 0.6                                |
|   | Normal acceptable level | 0.7                                |
| Murphy and Davidshofer (1994)                               | Unacceptable level      | Below 0.6                          |
|   | Low level               | 0.7                                |
|   | Moderate to high level  | 0.8-0.9                            |
|   | High level              | Above 0.9                          |
| Nunnally and Bernstein (1994);<br>Peterson (1994)           | Preliminary research    | 0.7                                |
|   | Basic research          | 0.8                                |
|   | Applied research        | 0.9-0.95                           |
| Curwin and Slater (2002)                                    | Acceptable level        | Slightly below 0.7                 |
| Bryman and Bell (2011)                                      | Acceptable level        | 0.8                                |

Source: author

#### 4.10.7 Estimation Method

The model fit determines the degree to which the structural equation model fits the sample data. All SEMs are assessed through Amos, the Maximum Likelihood (ML) extraction method preferred due to ML's robustness against non-normal data (Kline, 2011; Hair *et al.*, 2010). In terms of ML, this is a method of estimating the parameter of a statistical model; the estimates are "the ones that maximize the likelihood (the continuous generalization) that the data (the observed covariances) were drawn from these populations" (Kline, 2011, p. 154). Model fit criteria commonly used are Chi-square ( $\chi^2$ ), goodness of fit index (GFI), comparative fit index (CFI), adjusted goodness of fit index (AGFI) and root mean square error of approximation (RMSEA) (Hair *et al.*, 2009). The goodness-of-fit indices are based on the difference between the observed (original,  $S$ ) and model-implied (reproduced,  $\Sigma$ ) correlation or covariance matrix (Hair *et al.*, 2010; Schumacker & Lomax, 2010). Overall, the above goodness/badness-of-fit indices (Appendix C) are particularly used in this study as they commonly fit statistics selected by researchers to evaluate robustness of model (Hair *et al.*, 2010; Iacobucci, 2010).

#### 4.11 Ethical Issues

As in all other studies, ethical considerations have emerged in this research. Ethical considerations relating to the conduct of the research were addressed with reference to recommendations from the literature (De Vaus, 2002; Fowler, 2009; Easterby-Smith *et al.*,

2012), and in accordance with Northumbria University guidelines on research governance and ethics. The study fully adhered to Northumbria University's *Research Ethics and Governance Handbook* (detailed at: [http://www.northumbria.ac.uk/static/5007/respdf/ethics\\_handbook\\_2.pdf](http://www.northumbria.ac.uk/static/5007/respdf/ethics_handbook_2.pdf)).

Before a study is undertaken, researchers should gain formal ethics approval from the appropriate ethical committee (Broom, 2006). In line with this, ethical approval was granted by the Newcastle Business School Ethics Committee (Appendix I). Full information regarding the nature and purpose of the research and how the results would be used was provided when seeking access to originations so that consent was fully informed (Silverman, 2010; Bryman, 2012). Therefore, the permission to access four shopping malls to collect the data at pilot and substantive stages was granted (Appendix H).

For the survey interview, respondents were required to agree to their participation in the research through reading the information sheet (see example information sheet, Appendix G) before commencing with the survey. In line with the recommendations of Fowler (2009), all respondents were informed of the nature and aims of the research, their right to withdraw at any point and that they could skip any questions that they did not want to answer. Therefore, responses to the self-completion questionnaire were voluntary.

Privacy and confidentiality are the most obvious and important as there are understandable ethical concerns in social research (Broom, 2006). Ethical responsibility was exercised by treating confidential information appropriately through agreements regarding anonymity and confidentiality (Fowler, 2009; Easterby-Smith *et al.*, 2012). The identities of the participating consumers were concealed by adoption of a coding system. Participants' identity and responses also remained anonymous.

Moreover, all data was stored securely, either electronically on computer which was password protected, or in a hard copy version of the survey questionnaire which was stored in a locked filing cabinet (No. 21, 4<sup>th</sup> floor, CCE1, Newcastle Business School, Northumbria University), preventing external access and thereby acknowledging the University's Ethics policy. As part of the data analysis process, hard copies of the anonymised transcripts (raw data) were permitted to be given as required to the doctoral supervision team. It is also the case that the ethical procedures were adhered to during all stages of data gathering, including the presentation of findings.



## **4.12 Strengths and Limitations**

As discussed in this chapter, there were a number of limitations associated with this research. Non-probability sampling, convenience sampling, was used in this study. The researcher cannot evaluate the representativeness of non-probability samples; therefore, it cannot evaluate the populations' parameters. Also, the generalisability issue and selection error in non-probability sampling seems questionable. Deming (1990) debated that a non-probability sample introduces a potential for bias that cannot be overcome by increasing the size of the sample. The large sample size used in this research and the representativeness of the sample in the study may require further examination. Furthermore, another challenge is to upload the data from the paper survey to the SPSS spread sheet. There were 130 items for each questionnaire (and a total of 494 usable questionnaires). Altogether over 64,000 items were required to transfer the primary data into SPSS (version 21.0). It was an incredibly time-consuming process. Despite alternative data collection methods being available – including the online surveys – the ethical procedures were highly adverse and self-completing surveys offered a more academically applicable approach to collect the primary data.

On the other hand, this presented study has several strengths. Firstly, a total of 494 usable participants were collected from four shopping malls and built an adequately large sample size for this study. Profile of the participants is similar with recent established studies. Secondly, a complex model was developed from existing research; sophisticated techniques were used to test various hypotheses in a new context. Furthermore, the results of this study will make generalising to the other three Tier 1 cities possible and provide a significant indication regarding consumer luxury consumption for Tier 2/3 cities in mainland China.

## **4.13 Chapter Summary**

This chapter has declared the applied research philosophy as positivist, the research approach as deductive and the research strategy as a survey questionnaire. Through closer examination of contributions presented by Crotty (2009), a purely subjective approach to discovering knowledge was rejected, acknowledging a positivist approach is necessary given the existence of established theory which is subjectively being assumed in the new context of arena and model suggested in the study. A quantitative approach was designed

and works best for providing a greater understanding for an environment. This chapter also reviewed a range of the methodological choices and their rationales relating to data collection, measurement item generation, questionnaire development and survey design. It explains the procedures for conducting the research, which include the literature review, pilot study and data analysis plan, followed by the process of developing the survey instrument. The chapter concludes by explaining the ethical procedures, the associated limitations and potential problems of the research.

Chapter 5 presents details of the results taken from the survey questionnaire developed within the final stage of this study.

## **CHAPTER 5: DATA ANALYSIS AND FINDINGS**

### **5.0 Overview of Chapter**

The purpose of this chapter is to report the statistical analysis of the findings taken from the survey. It describes the process involved in preparing the data using Structural Equation Modelling (SEM) in Amos (version 21.0). It starts with a brief discussion of the overall dataset (section 5.2). The following section provides a review of the distribution of the overall data. The data normality and outliers (section 5.2.1.1) are explored before revealing the descriptive demographic analysis of the data (section 5.3). Based on the preliminary evaluation, a summary of key findings and justifications for the aforementioned steps is undertaken to ensure that the data in this study is appropriate for in-depth analysis using the SEM. The measurement model and structural model (section 5.4) are evaluated within four-step data analysis. Step one is developing a theoretical model (section 5.5). Step two analyses the unidimensionality for 12 constructs (section 5.6). The third step is to assess the reliability and validity for the full measurement model (section 5.7). Furthermore, step four is to build the SEM in order to achieve Research Objectives 2, 3, and 4 (section 5.8). Finally, a chapter summary is provided (section 5.9).

### **5.1 Review the Research Hypotheses**

The hypothetical assumptions inform the basis of this study, as the research measures brand commitment in the luxury brand sector using the Theory of Reasoned Action model (Fishbein & Ajzen, 1975) to identify the most important factors influencing Chinese consumer purchase intentions toward luxury brands. The literature supported the views that addressing those factors are:

H1a: Brand affect has a positive impact on brand commitment for luxury brands.

H1b: Brand affect has a positive impact on purchase intentions for luxury brands.

H1c: Brand affect has a positive impact on willingness to pay a price premium for luxury brands.

H2a: Brand image has a positive impact on brand commitment for luxury brands.

H2b: Brand image has a positive impact on purchase intentions for luxury brands.

- H2c: Brand image has a positive impact on willingness to pay a price premium for the luxury brands.
- H3a: Brand trust has a positive impact on brand commitment for luxury brands.
- H3b: Brand trust has a positive impact on purchase intentions for luxury brands.
- H3c: Brand trust has a positive impact on willingness to pay a price premium for luxury brands.
- H4a: Luxury customer value has a positive impact on brand commitment for luxury brands.
- H4b: Luxury customer value has a positive impact on purchase intentions for luxury brands.
- H4c: Luxury customer value has a positive impact on willingness to pay a price premium for luxury brands.
- H5a: Brand commitment has a positive impact on purchase intentions for luxury brands.
- H5b: Brand commitment has a positive impact on willingness to pay a price premium for luxury brands.
- H6: Willingness to pay a price premium has a positive impact on purchase intentions for luxury brands.

As discussed earlier in Research Methodology and Method (Chapter 4) of this research, all constructs used in this study are from well-established literatures. The scale used in this research that formulated the questionnaire distributed to Chinese consumers is based on the targeted sample size. A total of 42 items are distributed across 12 constructs: brand affect, cognitive brand associations, emotional brand associations, brand trust, functional value, emotional value, social value, symbolic value, affective commitment, continuance commitment, purchase intention and willingness to pay a price premium.

In order to obtain the relevant answers to the research question, the questionnaire was developed. The survey questionnaire consisted of two parts. The first part contained the 42 items and 2 items to measure Chinese consumers' luxury consumption (Wang *et al.*, 2011). The second part collected the demographic profile details about the target respondents. The respondents were asked to rate each statement by using a seven-point Likert scale (from 1=strongly disagree to 7=strongly agree) (Bryman & Bell, 2011).

## **5.2 Examining the Data**

Data examination is “a time-consuming, but necessary, initial step in any analysis that researchers often overlook” (Hair *et al.*, 2010, p. 32). A survey was chosen as the major distribution method for this study. The data presented in this research was collected by using paper-and-pencil questionnaire administration. A total of 600 questionnaires were received; 99 were uncompleted. However, in order to ensure that all the data was able to generate a high standard of result, the following two criteria were applied for the selection of the data.

Initially, before launching the survey questionnaire the length and time needed to complete it was tested at the pilot stage among the Chinese consumers who were purchasing luxury products. Normally, the average time to complete the questionnaire was around 15 minutes. If the completion time was significantly less than five minutes, it was considered that little thought had been given to complete the questionnaire. For example, some respondents listed the same answer throughout the questionnaire even though some questions were reverse code. Therefore, this type of questionnaire was deleted. Although some responses had reasonable completion time, some of the answers given in the questionnaire did not make sense. It was considered that these questionnaires were randomly answered. Thus, those questionnaires needed to be eliminated from the dataset. Finally, after the initial screening and deletion of seven unqualified responses, the remaining data was further subjected to normality testing and outliers checking, which will be explained in the next section. Finally, 494 useable questionnaires were used in the final data analysis.

### **5.2.1 Screening Data Prior to Analysis**

This section explains the data preparation for SEM. SEM is the major statistical technique used in this research and requires certain criteria of the data to be met, especially regarding the distortional characteristics. Data-related problems can cause model-fitting programs to fail to yield a solution. Therefore, carefully screened data and the consideration and resolution of problematic data before the main analysis are fundamental to ensure the accuracy of SEM analysis.

## 5.2.1.1 Testing the Normality and for Outliers in the Data

### 5.2.1.1.1 Normality

The most fundamental assumption in multivariate analysis is normality. There are two types of normality: univariate and multivariate normality. Univariate normality refers to a single variable. However, multivariate normality (the combination of two or more variables) means that the individual variables are normal in a univariate sense and that combinations are also normally distributed. In a sense, if a variable is multivariate normal, it is also univariate normal. Therefore, a situation in which all variables exhibit univariate normality will help gain, although not guarantee, multivariate normality (Hair *et al.*, 2010). Because to assess multivariate normality is very difficult (Stevens, 2001), this study focuses on assessing and achieving univariate normality for all the variables as sufficient, and multivariate normality will be addressed only when it is especially critical.

Assessment of the normality of variables is usually by either visual check of the histogram or use of statistical tests (Hair *et al.*, 2010). A visual check is the simplest diagnostic test for normality; it compares the observed data values with a distribution approximating normal distribution. A limitation of the visual check method is that it's very subjective. An alternative way is to use the skewness and kurtosis to examine the deviation from normality, which is a more reliable approach (Hair *et al.*, 2010). Skewness is used to describe the balance of the distribution. It provides a clear indication as to whether the data is symmetrical (Robson *et al.*, 2008). If a distribution is unbalanced, it is skewed. A positive skew indicates a distribution shifted to the left, whereas a negative skewness reflects a shift to the right. Kurtosis refers to the "peakedness" of the distribution compared with the normal distribution – a distribution is either too peaked (with short, thick tails) or too flat (with long, thin tails). The skewness and kurtosis of a normal distribution are given values of zero (Hair *et al.*, 2010).

Normally, the value of skewness and kurtosis converted into a z-score, which is simply a score from a distribution that has a mean of 0 and a standard deviation of 1 (Hair *et al.*, 2010). A z value of skewness and kurtosis can be calculated using the following formula:

$$Z_{\text{skewness}} = \frac{\text{Skewness}}{\text{Std. Error of skewness}}$$

$$Z_{\text{kurtosis}} = \frac{\text{Kurtosis}}{\text{Std. Error of kurtosis}}$$

If calculated z values exceed the fixed critical value, then the distribution is non-normal distribution (Hair *et al.*, 2010). Commonly used critical values are  $\pm 3.29$  (at 0.001 significance level),  $\pm 2.58$  (at 0.01 significance level) and  $\pm 1.96$  (at 0.05 significance level) (Hair *et al.*, 2010).

Field (2013) debates that large sample sizes generate smaller standard errors. As the sample size gets big enough, significant values arise from even small deviations from normality. Field (2013) advises that it is more important to observe the shape of the distribution visually and pay attention to the value of skewness and kurtosis, rather than calculate their significance. Hair *et al.* (2010) also argue that testing the significance is less useful for large sample sizes and recommend the researchers should always use both the graphical plots and any statistical tests to assess the actual degree of departure from normality. In line with this, this study follows the recommendation made by Field (2013) and Hair *et al.* (2010) to assess the normality by observing the skewness and kurtosis values in combination with the distribution of the histograms provided by SPSS. The assessment of normality for the items is exhibited in Table 5.1 below.

Table 5.1 indicates that the multivariate kurtosis value is 447.269, which is higher than the upper threshold value of  $\pm 3.29$ , and therefore demonstrates significant non-normality. The results also show that the majority of the individual items' (i.e., shaded items in the table below) Critical Ratio values are more than  $\pm 3.29$ , which is significant at 1% level. The sample size of this study as 494 can be considered as relatively large, and can be very sensitive because of the insignificant standard errors. Therefore, it is not surprising that the outcomes are poor under this situation as the significance test is less useful.

Table 5.1 Assessment of Normality of Full Samples (n=494)

| Constructs                         | Item | Min   | Max   | Skewness | C.R. of Skewness | Kurtosis       | C.R. of Kurtosis |
|------------------------------------|------|-------|-------|----------|------------------|----------------|------------------|
| Brand affect                       | BA1  | 2.000 | 7.000 | -1.210   | -10.975          | 1.928          | 8.748            |
|                                    | BA2  | 3.000 | 7.000 | -0.782   | -7.097           | 0.328          | 1.487            |
|                                    | BA3  | 2.000 | 7.000 | -1.028   | -9.330           | 1.027          | 4.661            |
| Cognitive brand associations       | CBA1 | 1.000 | 7.000 | -1.181   | -10.715          | 1.183          | 5.367            |
|                                    | CBA2 | 2.000 | 7.000 | -1.087   | -9.865           | 1.137          | 5.157            |
|                                    | CBA3 | 3.000 | 7.000 | -1.026   | -9.314           | 0.944          | 4.281            |
|                                    | CBA4 | 3.000 | 7.000 | -1.038   | -9.421           | 0.922          | 4.183            |
| Emotional brand associations       | EBA1 | 1.000 | 7.000 | -1.159   | -10.518          | 1.033          | 4.686            |
|                                    | EBA2 | 1.000 | 7.000 | -0.408   | -3.704           | -0.691         | -3.136           |
|                                    | EBA3 | 1.000 | 7.000 | -0.623   | -5.652           | -0.132         | -0.598           |
|                                    | EBA4 | 1.000 | 7.000 | -0.664   | -6.029           | -0.117         | -0.531           |
| Brand trust                        | BT1  | 3.000 | 7.000 | -0.787   | -7.142           | 0.436          | 1.978            |
|                                    | BT2  | 2.000 | 7.000 | 0.417    | -3.783           | -0.705         | -3.199           |
|                                    | BT3  | 3.000 | 7.000 | -0.728   | -6.610           | 0.232          | 1.051            |
|                                    | BT4  | 2.000 | 7.000 | -0.738   | -6.693           | -0.009         | -0.040           |
| Functional value                   | FV1  | 1.000 | 7.000 | -0.794   | -7.208           | -0.049         | -0.222           |
|                                    | FV2  | 2.000 | 7.000 | -0.924   | -8.387           | 0.631          | 2.862            |
|                                    | FV3  | 1.000 | 7.000 | -0.396   | -3.593           | -0.827         | -3.753           |
|                                    | FV4  | 2.000 | 7.000 | -1.114   | -10.112          | 1.092          | 4.955            |
| Social value                       | SV1  | 1.000 | 7.000 | -0.323   | -2.928           | -0.778         | -3.531           |
|                                    | SV2  | 1.000 | 7.000 | -0.300   | -2.722           | -0.888         | -4.031           |
|                                    | SV3  | 1.000 | 7.000 | -0.414   | -3.760           | -0.679         | -3.079           |
|                                    | SV4  | 1.000 | 7.000 | -0.287   | -2.607           | -0.868         | -3.938           |
| Symbolic value                     | SyV1 | 1.000 | 7.000 | -0.422   | -3.832           | -0.680         | -3.083           |
|                                    | SyV2 | 1.000 | 7.000 | -0.233   | -2.115           | -0.979         | -4.443           |
|                                    | SyV3 | 1.000 | 7.000 | -0.248   | -2.248           | -0.976         | -4.429           |
| Affective attitude                 | AA1  | 2.000 | 7.000 | -0.915   | -8.307           | 1.078          | 4.893            |
|                                    | AA2  | 2.000 | 7.000 | -0.925   | -8.395           | 0.765          | 3.471            |
|                                    | AA3  | 2.000 | 7.000 | -0.884   | -8.022           | 0.425          | 1.929            |
| Affective commitment               | AC1  | 1.000 | 7.000 | -0.065   | -0.591           | -1.142         | -5.180           |
|                                    | AC2  | 1.000 | 7.000 | 0.162    | 1.470            | -1.179         | -5.384           |
|                                    | AC3  | 1.000 | 7.000 | -0.100   | -0.909           | -1.122         | -5.088           |
| Continuance commitment             | CC1  | 1.000 | 7.000 | -0.079   | -0.719           | -1.200         | -5.442           |
|                                    | CC2  | 1.000 | 7.000 | 0.450    | 4.079            | -1.082         | -4.907           |
|                                    | CC3  | 1.000 | 7.000 | 0.378    | 3.429            | -1.144         | -5.189           |
| Purchase intention                 | PI1  | 1.000 | 7.000 | -1.145   | -10.392          | 1.272          | 5.772            |
|                                    | PI2  | 1.000 | 7.000 | -1.020   | -9.251           | 0.901          | 4.089            |
|                                    | PI3  | 2.000 | 7.000 | -1.076   | -9.765           | 1.076          | 4.881            |
|                                    | PI4  | 2.000 | 7.000 | -0.851   | -7.718           | 0.278          | 1.261            |
| Willingness to pay a price premium | WTP1 | 1.000 | 7.000 | 0.502    | 4.552            | -0.549         | -2.489           |
|                                    | WTP2 | 1.000 | 7.000 | -0.118   | -1.075           | -0.937         | -4.249           |
|                                    | WTP3 | 1.000 | 7.000 | -0.141   | -1.280           | -0.989         | -4.486           |
| <b>Multivariate</b>                |      |       |       |          |                  | <b>447.269</b> | <b>81.759</b>    |

**Note:** CR=Critical Ratio, which represents skewness (or kurtosis) divided by the standard error of skewness (or kurtosis). It is interpreted as one would interpret a z-score.

Consequently, the researcher decided to visually check the histograms (Appendix P) through the SPSS software to assess the actual degree of departure of the data from the normality. After checking the shape of the distribution of each item among the items of 10 constructs (brand affect, brand image, brand trust, functional value, social value, symbolic value, affective attitude, brand commitment, purchase intention and willingness to pay a price premium), the items of seven constructs (brand trust, functional value, social value,



symbolic value, affective attitude, brand commitment and willingness to pay a price premium) appear quite normal. The items of three constructs (brand affect, brand image and purchase intention) are mildly negatively skewed (Appendix P). However, as a large sample size (494) has been used in the study, it can be accepted that the sample contains a minority of non-normal distributed data. According to Byrne (2010) there are certain methods that are available for aiding non-normal distributed data in SEM analysis. Details about the solution for dealing with non-normality are discussed in Section 5.2.2.

#### **5.2.1.1.2 Outliers**

Outliers are “observations with a unique combination of characteristics identifiable as distinctly different from the other observations” (Hair *et al.*, 2010. p. 64). Outliers can be identified from a univariate, bivariate or multivariate perspective based on the number of variables considered. Univariate and bivariate outliers are used to assess one or two variables, examine the distribution of observations and select those cases falling at the outer ranges (high or low) of the distribution. However, multivariate outliers involve a multivariate assessment of each observation across a set of variables. As this study included a number of variables, the multivariate analyses are what this research is interested in. Normally, there are two ways to analyse the outliers for univariate and bivariate: (1) to check the shape of the distribution such as observing a boxplot or scatterplot, or (2) to compare z-scores (Hair *et al.*, 2010). In contrast, when there is a detection of multivariate outliers, Mahalanobis  $D^2$  analysis is a common method used. In terms of Mahalanobis  $D^2$  measurement, this is a method that measures the distance of each observation in multidimensional space from the mean centre of all observations (Hair *et al.*, 2010). It effectively measures the position of each observation compared with the centre of all the observations across a set of variables. It provides a measurement approach for multidimensional centrality and also has statistical properties that allow for significance testing (Hair *et al.*, 2010). Given the nature of the statistical tests, it is suggested that a conventional significance level is 1% (i.e.,  $p < 0.001$ ) as the threshold value for designation as an outlier.

Unfortunately, all the aforementioned measurements have their limitations. Because of the large sample size (more than 200) it is easy to achieve the significance results caused by small deviations from normality. Therefore, the significance test does not necessarily determine whether the deviation from normality is sufficient to bias any statistical

procedures (Field, 2005; Hair *et al.*, 2010). Table 5.2 below demonstrates the multivariate outliers which were calculated from the Mahalanobis distance test in Amos.

Table 5.2 Analysis of Outliers

| Observation number | Mahalanobis D <sup>2</sup> | Significance | Observation number | Mahalanobis D <sup>2</sup> | Significance |
|--------------------|----------------------------|--------------|--------------------|----------------------------|--------------|
| 81                 | 121.388                    | 0.000        | 355                | 72.131                     | 0.003        |
| 35                 | 118.727                    | 0.000        | 228                | 72.115                     | 0.003        |
| 98                 | 113.964                    | 0.000        | 320                | 72.065                     | 0.003        |
| 38                 | 111.929                    | 0.000        | 77                 | 71.576                     | 0.003        |
| 31                 | 107.528                    | 0.000        | 67                 | 71.395                     | 0.003        |
| 315                | 103.558                    | 0.000        | 444                | 71.267                     | 0.003        |
| 193                | 103.092                    | 0.000        | 251                | 71.174                     | 0.003        |
| 181                | 103.061                    | 0.000        | 28                 | 71.101                     | 0.003        |
| 59                 | 101.851                    | 0.000        | 82                 | 70.460                     | 0.004        |
| 359                | 101.622                    | 0.000        | 80                 | 70.168                     | 0.004        |
| 204                | 101.546                    | 0.000        | 474                | 69.787                     | 0.005        |
| 362                | 100.456                    | 0.000        | 102                | 69.713                     | 0.005        |
| 139                | 98.869                     | 0.000        | 51                 | 69.207                     | 0.005        |
| 271                | 97.784                     | 0.000        | 6                  | 69.134                     | 0.005        |
| 481                | 97.693                     | 0.000        | 22                 | 68.844                     | 0.006        |
| 60                 | 95.777                     | 0.000        | 40                 | 68.665                     | 0.006        |
| 357                | 93.521                     | 0.000        | 194                | 68.632                     | 0.006        |
| 53                 | 93.458                     | 0.000        | 467                | 68.393                     | 0.006        |
| 484                | 91.387                     | 0.000        | 317                | 68.106                     | 0.007        |
| 75                 | 91.225                     | 0.000        | 76                 | 67.899                     | 0.007        |
| 155                | 89.954                     | 0.000        | 135                | 67.866                     | 0.007        |
| 15                 | 88.432                     | 0.000        | 220                | 67.699                     | 0.007        |
| 464                | 86.336                     | 0.000        | 42                 | 67.286                     | 0.008        |
| 380                | 85.855                     | 0.000        | 3                  | 67.262                     | 0.008        |
| 165                | 85.674                     | 0.000        | 14                 | 66.640                     | 0.009        |
| 150                | 85.066                     | 0.000        | 16                 | 66.282                     | 0.010        |
| 5                  | 82.500                     | 0.000        | 329                | 66.037                     | 0.010        |
| 48                 | 80.834                     | 0.000        | 250                | 65.422                     | 0.012        |
| 37                 | 80.187                     | 0.000        | 54                 | 64.825                     | 0.013        |
| 132                | 79.612                     | 0.000        | 492                | 64.637                     | 0.014        |
| 326                | 79.193                     | 0.000        | 44                 | 64.611                     | 0.014        |
| 476                | 77.525                     | 0.001        | 26                 | 64.575                     | 0.014        |
| 92                 | 77.520                     | 0.001        | 322                | 64.320                     | 0.015        |
| 450                | 77.142                     | 0.001        | 213                | 64.244                     | 0.015        |
| 21                 | 76.631                     | 0.001        | 404                | 64.145                     | 0.015        |
| 112                | 76.125                     | 0.001        | 353                | 64.122                     | 0.016        |
| 33                 | 75.983                     | 0.001        | 195                | 63.231                     | 0.019        |
| 297                | 75.017                     | 0.001        | 2                  | 62.801                     | 0.020        |
| 298                | 74.160                     | 0.002        | 1                  | 62.754                     | 0.021        |
| 55                 | 74.107                     | 0.002        | 285                | 62.513                     | 0.022        |
| 197                | 74.104                     | 0.002        | 72                 | 62.403                     | 0.022        |
| 337                | 73.751                     | 0.002        | 176                | 62.085                     | 0.024        |
| 168                | 73.115                     | 0.002        | 461                | 61.901                     | 0.024        |
| 227                | 73.028                     | 0.002        | 144                | 61.804                     | 0.025        |
| 24                 | 72.959                     | 0.002        | 415                | 61.791                     | 0.025        |
| 122                | 72.882                     | 0.002        | 278                | 61.413                     | 0.027        |
| 36                 | 72.704                     | 0.002        | 256                | 61.288                     | 0.028        |
| 170                | 72.373                     | 0.002        | 25                 | 61.084                     | 0.029        |
| 384                | 72.359                     | 0.002        | 429                | 60.915                     | 0.030        |
| 324                | 72.236                     | 0.003        | 137                | 60.868                     | 0.030        |

From the Amos output “Observations farthest from the centroid (Mahalanobis distance)” (see Figure 5.2), the program identifies 31 cases (i.e. shaded items in the table where the significance level is  $p < 0.001$ ) for which the observed scores differ markedly from the centroid of scores for all 494 cases. Mahalanobis  $D^2$  values are used as the measure of distance, and they are reported in decreasing rank order.

After a re-check of the original dataset, there is no evidence to identify this data as aberrant and not representative of any observations in a purchasing luxury brands population. By removing these outliers, this study may attempt to improve the multivariate analysis but would limit its generalisability. Based on the Mahalanobis results, there are no observations that are extreme on a sufficient number of variables to be considered unrepresentative of the sample. The observations identified as outliers seem similarly adequate to the remaining observations retained in the multivariate analysis. Therefore these 31 observations should be kept, especially as they may be adjusted in the resultant Structure Equation Modelling (SEM) analysis in a manner which does not significantly distort the analysis (Hair *et al.*, 2010).

### **5.2.2 Solutions for Reducing the Influence of Outliers in Non-Normality**

Outliers are those observations with a unique combination of characteristics identifiable as distinctly different from the other observations (Alves & Nascimento, 2007). Once outliers have been identified, the researcher must decide whether the outliers are to be retained or deleted in the analysis (Tabachnick & Fidell, 2013). There are several strategies for reducing their impact. Hair *et al.* (2010) advise that outliers cannot be categorically characterised as either beneficial or problematic, but instead must be viewed within the context of the analysis and should be evaluated by the types of information that they may provide. Based on Hair's *et al.* (2010) statement, beneficial outliers which are different from the majority of the sample may be symbolic of characteristics of the population that would not be discovered in the normal course of analysis. In contrast, problematic outliers, not representative of the population, are counter to the objectives of the analysis and can seriously distort statistical testing (Hair *et al.*, 2010). Alves and Nascimento (2007) and Hair *et al.* (2010) further claim that researchers should retain the outliers unless specific evidence is available that they are truly aberrant and not representative of any valid observations of the population. In line with this, the 31 observations are rechecked as they have been identified as outliers in this study. After carefully examining and rechecking,

these 31 outliers are similar to the remaining samples and can be considered to represent the sample. Based on the guidance of Hair *et al.* (2010), it is decided that the 31 observations should be retained in the analysis.

An alternative option is transformations, which are normally used as a remedy for non-normal distribution data (Hair *et al.*, 2010). The purpose of transformations data is to transform entire data and correct for distributional issues or outliers. However, this method is associated with several limitations and is not generally recommended. Tabachnick and Fidell (2013) argue that transformation may not work for a truly multivariate outlier because the problem is with the combination of scores on two or more variables, not with the score on any one variable. It is difficult to interpret, especially for the scores generated by transformed variables. Non-normal data is a common issue for researchers who utilise SEM techniques. Enders (2001) applied a Monte Carlo simulation to examine Full Information Maximum-Likelihood Estimation (FIML) in structural equation models with non-normal indicator variables. The findings of this present study show that the presence of non-normal data does not make the problem worse, as FIML bias is relatively unaffected by non-normal missing data. Therefore, the non-normal data identified in this study can be justified as not causing too much concern for this research.

## **5.3 Demographic Information of the Respondents**

### **5.3.1 Gender**

- 63% of the respondents are female; 37% of the respondents are male.

### **5.3.2 Age Distribution**

- 13 respondents (2.6%) aged between 18 and 21 years old;
- 135 respondents (27.3%) aged between 22 and 26 years old;
- 240 respondents (48.6%) aged between 27 and 35 years old;
- 88 respondents (17.8%) aged between 36 and 45 years old;
- 12 respondents (2.4%) aged between 46 and 50 years old;
- 6 respondents (1.2%) aged over 51 years old.

### **5.3.3 Occupational Status Distribution**

- 84.8% of respondents are employed;
- 8.3% of respondents are students;
- 3.6% of respondents are housewives;
- 2.6% of respondents are unemployed;
- 0.6% of respondents are retired.

### **5.3.4 Occupational Area Distribution**

- 31% of respondents working in a state-owned enterprise;
- 25% of respondents working in a foreign-owned enterprise;
- 21% of respondents working in a private-owned enterprise;
- 11% of respondents working in a joint-venture enterprise;
- 5% of respondents working as freelance;
- 4% of respondents working in the institution;
- 2% of respondents working for the government;
- 1% of respondents working professionals.

### **5.3.5 Education Attended Level Distribution**

- 49% of respondents have university education;
- 39% of respondents have post-graduate education;
- 9% of respondents have college education;
- 2% of respondents have PhD education;
- 1% of respondents are below senior school.

### **5.3.6 Annual Personal Income Distribution**

- 15% of respondent income is less than RMB 50,000;
- 17% of respondent income is between RMB 50,000–100,000;
- 17% of respondent income is between RMB 101,000–150,000;
- 11% of respondent income is between RMB 151,000–200,000;
- 10% of respondent income is between RMB 201,000–250,000;

- 6% of respondent income is between RMB 251,000–300,000;
- 5% of respondent income is between RMB 301,000–350,000;
- 5% of respondent income is between RMB 351,000–400,000;
- 3% of respondent income is between RMB 401,000–450,000;
- 11% of respondent income is over RMB 451,000.

In summary, the majority of the respondents were female aged between 22 and 35 years old. Most of them were employed in state-owned enterprise, private-owned enterprise and foreign-owned enterprise being the most popular employment area (see Table 5.3). A majority displayed high educational attainment at Masters degree level, reasoning with comparable Chinese studies (Deng *et al.*, 2010; Atsmon *et al.*, 2011; Bian & Forsythe, 2012; Hung *et al.*, 2011). Those earning annually in excess of RMB 151,000 dominate which in context suggests they are wealthy, this income profile being clearly beyond the city average (Wang, 2012).

Table 5.3 Demographic Characteristics

| Demographic variables (n=494)     | Frequency | Percentage (%) |
|-----------------------------------|-----------|----------------|
| <i>Gender</i>                     |           |                |
| Male                              | 181       | 36.6           |
| Female                            | 313       | 63.4           |
| <i>Age</i>                        |           |                |
| 18-21 years old                   | 13        | 2.6            |
| 22-26 years old                   | 135       | 27.3           |
| 27-35 years old                   | 240       | 48.6           |
| 36-45 years old                   | 88        | 17.8           |
| 46-50 years old                   | 12        | 2.4            |
| 51 years over old                 | 6         | 1.2            |
| <i>Occupational status</i>        |           |                |
| Employed                          | 419       | 84.8           |
| Unemployed                        | 13        | 2.6            |
| Student                           | 41        | 8.3            |
| Housewife                         | 18        | 3.6            |
| Retired                           | 3         | .6             |
| <i>Occupational sector</i>        |           |                |
| State-owned enterprise            | 132       | 26.7           |
| Private-owned enterprise          | 89        | 18.0           |
| Foreign-owned enterprise          | 104       | 21.1           |
| Joint-venture enterprise          | 45        | 9.1            |
| Government                        | 10        | 2.0            |
| Institution                       | 18        | 3.6            |
| Freelance                         | 23        | 4.7            |
| Professionals                     | 5         | 1.0            |
| Non-response                      | 68        | 13.8           |
| <i>Educational level achieved</i> |           |                |
| PhD                               | 11        | 2.2            |
| Masters and higher                | 190       | 38.5           |
| Undergraduate                     | 244       | 49.4           |
| Junior College                    | 43        | 8.7            |
| Up to senior school               | 6         | 1.2            |

| <i>Annual personal income (RMB)</i> |    |      |
|-------------------------------------|----|------|
| Less than 50,000                    | 74 | 15.0 |
| 50,000 – 100,000                    | 84 | 17.0 |
| 101,000 – 150,000                   | 85 | 17.2 |
| 151,000 – 200,000                   | 55 | 11.1 |
| 201,000 – 250,000                   | 48 | 9.7  |
| 251,000 – 300,000                   | 31 | 6.3  |
| 301,000 – 350,000                   | 23 | 4.7  |
| 351,000 – 400,000                   | 25 | 5.1  |
| 401,000 – 450,000                   | 16 | 3.2  |
| 451,000 and over                    | 53 | 10.7 |

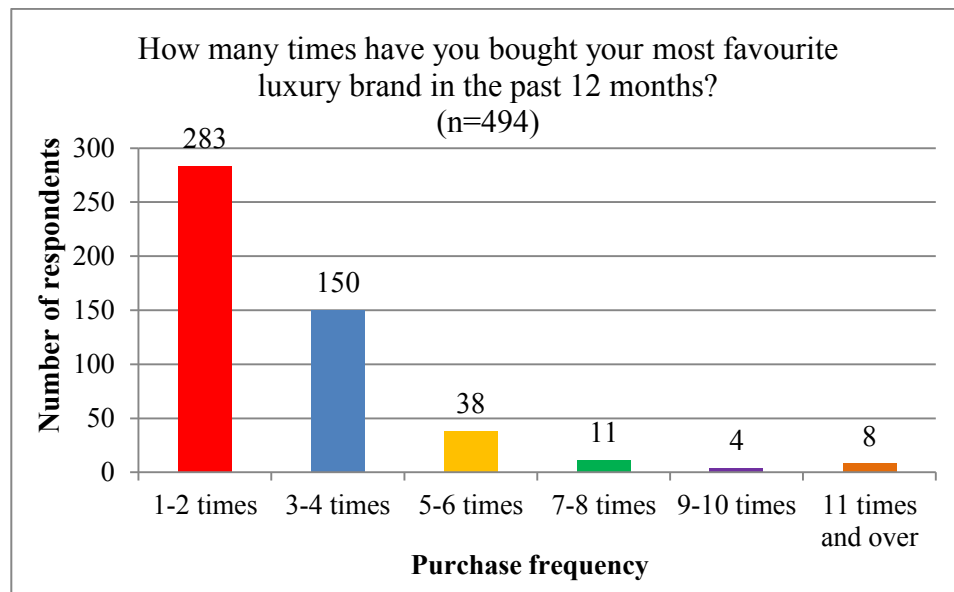
**Note:** RMB (Chinese Renminbi) – GBP (English Pound) exchange rate: 1=0.10191, 1<sup>st</sup> June 2012.

The participant profile arguably represents that most of the Chinese consumers for the luxury brands are younger generation, having higher education with higher annual incomes. These results are similar to empirical studies (Lu & Pras, 2011; Zhan & He, 2012). Although this youthful respondent profile described is different from consumers in the USA and Western Europe, it resonates with Atsmon *et al.* (2011) in China. The most prominent part of the sample profile described here is the dominance of women, contradicting Lu and Pras (2011) but supporting Bian and Forsythe (2012) who suggest that women have responded more than men to the socioeconomic revolution that China has witnessed and have greater predisposition toward Western concepts to which they and their nation have been introduced. Furthermore, recent studies on luxury consumption behaviour in the Chinese market have revealed that women dominate as consumers (Deng *et al.*, 2010; Hung *et al.*, 2011; Bian & Forsythe, 2012). A criticism can be made that the sampling frame of participants has not been generated using probabilistic sampling; however, the method of intervention is established and the resultant sample profile accords with recent, comparable studies. Therefore, the information obtained in this survey is a representative cross section of the target population of luxury brand shoppers in China.

Consequently, a sufficiently large sample size of 494 and a high representative participant profile in the present study is similar with established empirical studies in China. Therefore, results obtained from the present study are expected to be generalisable to other similar cities in mainland China, such as in the Tier 2 and Tier 3 cities. This is consistent with positivist research, and the outcomes from the study can be generalised in future empirical studies.

### 5.3.7 Purchase Frequency

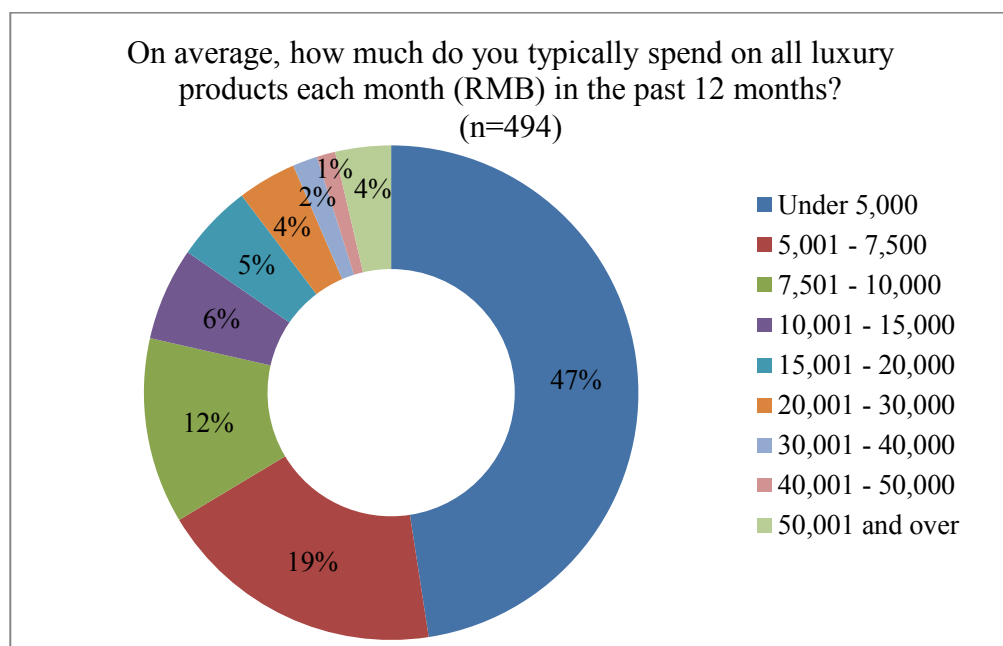
Figure 5.1 Purchase Frequency Distribution



- 283 of the respondents have bought 1–2 times their most favourite luxury brand;
- 150 of the respondents have bought 3–4 times their most favourite luxury brand;
- 38 of the respondents have bought 5–6 times their most favourite luxury brand.

### 5.3.8 Purchasing Power

Figure 5.2 Purchasing power distribution





- 47% of respondents spent RMB 5,000 on all luxury products every month in the last 12 months;
- 19% of respondents spent between RMB 5,001 and 7,500 on all luxury products every month in the last 12 months;
- 12% of respondents spent between RMB 7,500 and 10,000 on all luxury products every month in the last 12 months.

### **5.3.9 Distribution of the Most Purchased Luxury Brands/Products**

This section summarises the top three favourite luxury brands and luxury products that have been purchased by the participants in this PhD study, the details presented below in Table 5.4. Table 5.4 demonstrates that the most favourite purchased luxury brand is Chanel (n=98), the second favourite luxury brand also is Chanel (n=83) and third favourite luxury brand is Dior (n=44). The most popular purchased luxury product is bags (n=253), the second most popular purchased luxury product is also bags (n=220), and again the third most popular purchased luxury product is bags (n=159).

Table 5.4 Most Purchased Luxury Brands and Products

| Most Purchased Luxury Brands |            |                           |            |                           |            | Most Purchased Luxury Products |            |                           |            |                           |            |
|------------------------------|------------|---------------------------|------------|---------------------------|------------|--------------------------------|------------|---------------------------|------------|---------------------------|------------|
| Most favourite               | Frequency  | 2 <sup>nd</sup> favourite | Frequency  | 3 <sup>rd</sup> favourite | Frequency  | Most favourite                 | Frequency  | 2 <sup>nd</sup> favourite | Frequency  | 3 <sup>rd</sup> favourite | Frequency  |
| Chanel                       | 98         | Chanel                    | 83         | Dior                      | 44         | Bags                           | 253        | Bags                      | 220        | Bags                      | 159        |
| Dior                         | 39         | Louis Vuitton             | 50         | GUCCI                     | 34         | Perfumes & Cosmetics           | 84         | Perfumes & Cosmetics      | 88         | Perfumes & Cosmetics      | 74         |
| Louis Vuitton                | 36         | GUCCI                     | 42         | Chanel                    | 33         | Watches                        | 62         | Clothes                   | 63         | Clothes                   | 74         |
| Prada                        | 36         | Dior                      | 38         | Cartier                   | 30         | Clothes                        | 55         | Watches                   | 48         | Watches                   | 55         |
| GUCCI                        | 33         | Prada                     | 34         | Louis Vuitton             | 29         | Jewellery                      | 23         | Accessories               | 20         | Accessories               | 22         |
| Hermes                       | 33         | Burberry                  | 26         | Burberry                  | 29         | Accessories                    | 16         | Jewellery                 | 15         | Jewellery                 | 13         |
| Burberry                     | 32         | Cartier                   | 19         | Hermes                    | 25         | Others                         | 1          | Others                    | 40         | Others                    | 97         |
| Giorgio Armani               | 28         | Hermes                    | 17         | Giorgio Armani            | 22         |                                |            |                           |            |                           |            |
| Cartier                      | 25         | Patek Philippe            | 14         | Prada                     | 18         |                                |            |                           |            |                           |            |
| Patek Philippe               | 18         | Giorgio Armani            | 12         | Dunhill                   | 16         |                                |            |                           |            |                           |            |
| Bottega Veneta               | 17         | Bottega Veneta            | 12         | Rolex                     | 15         |                                |            |                           |            |                           |            |
| Rolex                        | 15         | Rolex                     | 11         | Bally                     | 12         |                                |            |                           |            |                           |            |
| Celine                       | 10         |                           |            |                           |            |                                |            |                           |            |                           |            |
| Others                       | 74         | Others                    | 136        | Others                    | 187        |                                |            |                           |            |                           |            |
| <b>Total number</b>          | <b>494</b> |                           | <b>494</b> |                           | <b>494</b> | <b>Total number</b>            | <b>494</b> |                           | <b>494</b> |                           | <b>494</b> |

## 5.4 Steps for Conducting Measurement Model and Structural Model

The hypotheses presented and the related structural equation modelling suggests a relatively high degree of modelling complexity. As such, the analysis to be presented in this chapter comprises significant detail, iteration and re-establishment of the proposed model. Kline (2011) recommended that structural equation modelling (SEM) includes a two-step approach to analyse. The first step is to test the measurement model and the following step is to estimate the structural model. The measurement model specifies the causal relations and the underlying latent variables or theoretical constructs which are presumed to determine response to the observed measures (Hair *et al.*, 2010). To estimate the parameters and assess the fit of a hypothesised measurement model to the observed correlations, the measurement model in SEM can be evaluated through Confirmatory Factor Analysis (CFA) (Hair *et al.*, 2010). Although using well-established scales, all the scales used to operationalise the constructs must be examined through assessment of the measurement model (Hair *et al.*, 2010). Three-step analyses will be conducted in order to assess the measurement model.

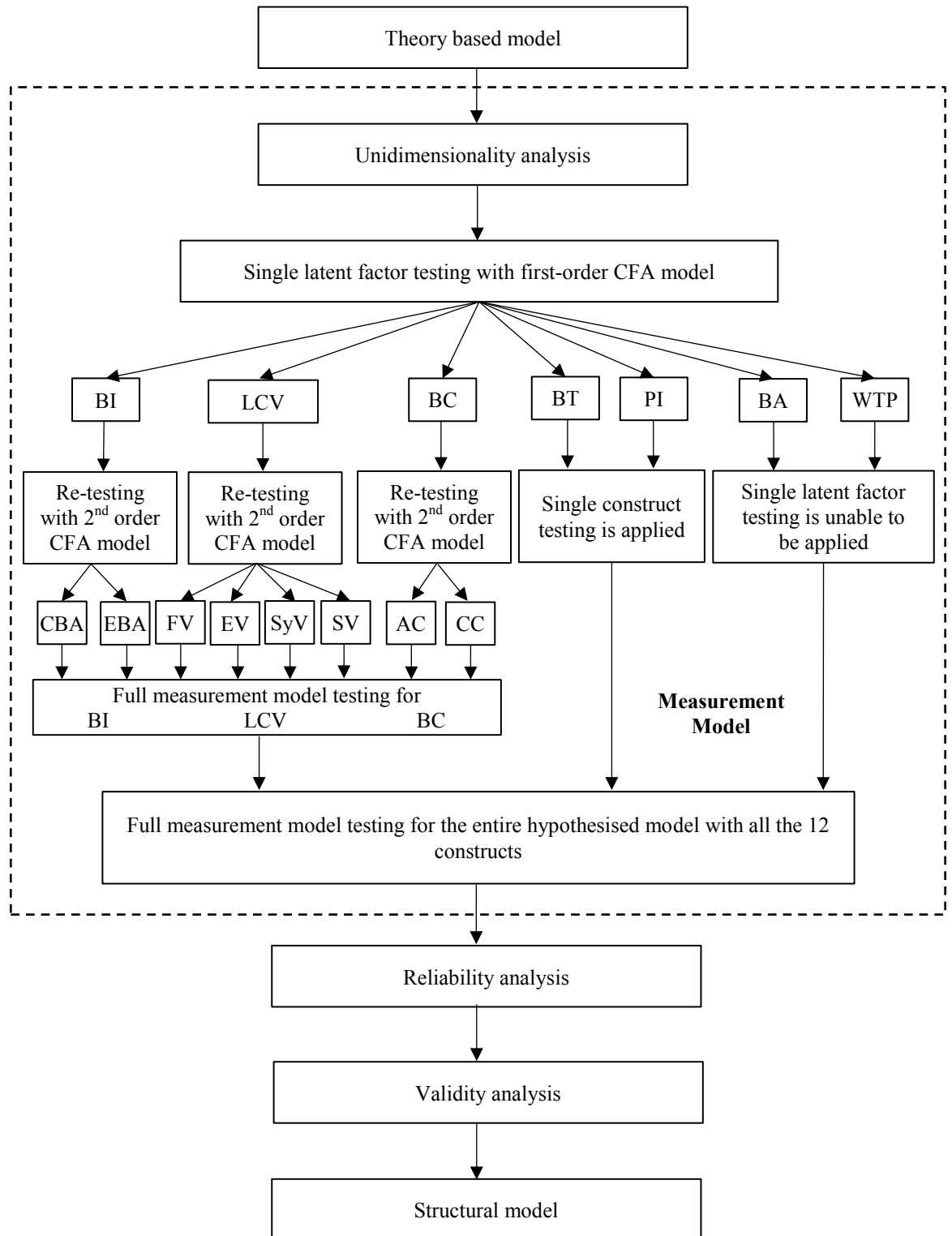
The first step, a highly mandatory condition for construct reliability and validity, is to check the unidimensionality of the measurement (Hair *et al.*, 2010). Unidimensional measures mean “a set of measured variables (indicators) that can be explained by only one underlying construct” (Hair *et al.*, 2010, p. 696). Each construct is measured by multiple indicators and each indicator measures only a single construct. In order to check for unidimensionality, a measurement model is specified for each construct and CFA is run for all the constructs. Individual items in the model are examined to demonstrate how closely they represent the same construct (Kline, 2011). In the second step, the measurement model is further assessed for construct reliability and validity testing. Although a prerequisite, unidimensionality alone is not sufficient to establish the usefulness of a scale. Once unidimensionality of a scale is established, its statistical reliability needs to be assessed before it is subjected to any further validation analysis (Kline, 2011). In the final step, the path relationship within the model is analysed by a structural model. The structural model specifies the causal relations among the theoretical constructs. The reason for drawing a distinction “between the measurement model and the structural model is that proper specification of the measurement model is necessary before meaning can be assigned to the analysis of the structural model” (Anderson & Gerbing, 1982, p. 453).

Therefore, high reliability and validity for the measurement of the latent variables is prerequisite for the analysis of the causal relationships among the latent variables.

In the next sections, the evaluation of the measurement part of the model first focuses on the relationship between latent variables and their indicators. The purpose is to determine the reliability and validity of the measures used to represent the constructs of interest.

Following the discussion of the measurement model, the evaluation of the structural model emphasises the substantive relationships of the constructs (i.e. the associations between the various endogenous and exogenous latent variables). The goal is to determine whether the theoretical relationships specified at the conceptualisation stage indeed fit the data collected from survey. Figure 5.3 illustrates the whole process for conducting the measurement model and structural model.

Figure 5.3 Steps for Conducting Structure Equation Modelling (SEM)



Source: Adapted from Hair *et al.* (2010, p. 654)

**Notes:** BI=Brand Image; CBA=Cognitive Brand Associations; EBA=Emotional Brand Associations; BA=Brand Affect; BT=Brand Trust; LCV=Luxury Customer Value; FV=Functional Value; SV=Social Value; SyV=Symbolic Value; EV=Emotional Value; BC=Brand Commitment; AC=Affective Commitment; CC=Continuance Commitment; PI=Purchase Intention; WPT=Willingness to Pay a Price Premium.

All the measurement model testing are surrounded with the dotted line.

## **5.5 Step One: Developing a Theoretical Model**

Based on the theoretical background discussed previously, this study infers that there exists a positive relationship between each construct involved in the theoretical model. The research model is expressed as a path diagram – the direction of the arrows indicates theoretical cause-and-effect relationships within this hypothesised model.

Brand affect, brand image, brand trust and luxury customer value (functional value, emotional value, social value and symbolic value) are posited to be the antecedents of brand commitment in Chapter 2. The purchase intentions and willingness to pay a price premium are presented as the critical relational outcome dimensions in Chapter 3. The key determinants of brand commitment have been developed based on existing literature and the measurement scale set presented below in Table 5.5.

Brand commitment is hypothesised to directly cause purchase intention and willingness to pay a price premium. The hypothesised cause-and-effect relations among all variables in this proposed model are based on the theory and empirical researches. The proposed conceptual model is shown in Figure 5.4.

Table 5.5 Descriptive Statistics

| Variables   | Mean | SD    | Factor loading | Measurement Scales (Percentage %) |             |                      |                               |                   |          |                   |
|---|------|-------|----------------|-----------------------------------|-------------|----------------------|-------------------------------|-------------------|----------|-------------------|
|   |      |       |                | 1= Strongly disagree              | 2= Disagree | 3= Somewhat disagree | 4= Neither disagree nor agree | 5= Somewhat agree | 6= Agree | 7= Strongly agree |
| Brand Affect<br>(Chaudhuri & Holbrook, 2001; 2002)                  |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 1. This luxury brand makes me happy.                                | 5.83 | 1.023 | 0.726          | 0.0                               | 1.4         | 1.4                  | 7.7                           | 16.2              | 48.4     | 24.9              |
| 2. I feel good when I use this luxury brand.                        | 5.89 | 0.931 | 0.772          | 0.0                               | 0.0         | 1.4                  | 7.7                           | 17.6              | 46.8     | 26.5              |
| 3. This luxury brand gives me pleasure.                             | 5.58 | 1.183 | 0.670          | 0.0                               | 3.2         | 2.2                  | 10.5                          | 22.3              | 40.7     | 21.1              |
| Brand Image<br>(Alimen & Cerit, 2010)                               |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 4. This luxury brand is expensive.                                  | 5.58 | 1.321 | 0.469          | 0.8                               | 3.4         | 4.5                  | 7.9                           | 20.2              | 38.3     | 24.9              |
| 5. This luxury brand is durable.                                    | 5.68 | 1.162 | 0.520          | 0.0                               | 2.2         | 4.0                  | 6.5                           | 22.3              | 40.5     | 24.5              |
| 6. This luxury brand has technical sophistication.                  | 6.03 | 0.922 | 0.559          | 0.0                               | 0.0         | 1.6                  | 6.1                           | 13.1              | 46.2     | 33.2              |
| 7. This luxury brand performs as expected.                          | 5.90 | 1.004 | 0.576          | 0.0                               | 0.0         | 3.8                  | 5.3                           | 16.6              | 45.1     | 29.1              |
| 8. This luxury brand targets high-income level.                     | 5.55 | 1.345 | 0.590          | 0.8                               | 4.3         | 3.8                  | 8.9                           | 19.6              | 37.4     | 25.1              |
| 9. This luxury brand increases the respectability of me.            | 4.70 | 1.580 | 0.613          | 2.2                               | 9.7         | 10.5                 | 20.0                          | 20.4              | 25.1     | 11.9              |
| 10. This luxury brand is admired by my friends and relatives.       | 5.08 | 1.384 | 0.577          | 0.6                               | 5.7         | 6.9                  | 16.6                          | 26.9              | 28.7     | 14.6              |
| 11. This luxury brand expresses my personality.                     | 5.05 | 1.433 | 0.550          | 1.2                               | 5.7         | 8.1                  | 15.2                          | 26.3              | 28.9     | 14.6              |
| Brand Trust<br>(Chaudhuri & Holbrook, 2001; 2002, Han & Sung, 2008) |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 12. I trust this luxury brand.                                      | 5.75 | 0.969 | 0.658          | 0.0                               | 0.0         | 3.0                  | 7.7                           | 21.5              | 47.2     | 20.6              |
| 13. I rely on this luxury brand.                                    | 5.28 | 1.227 | 0.553          | 0.0                               | 0.4         | 10.5                 | 15.4                          | 24.3              | 33.6     | 15.8              |
| 14. This luxury brand is an honest brand.                           | 5.73 | 0.981 | 0.764          | 0.0                               | 0.0         | 2.8                  | 8.7                           | 21.7              | 45.7     | 21.1              |
| 15. I feel that I can trust this luxury brand completely.           | 5.44 | 1.253 | 0.671          | 0.0                               | 2.4         | 6.1                  | 13.2                          | 22.1              | 36.2     | 20.0              |

Table 5.5 Descriptive Statistics (continued)

| Variables   | Mean | SD    | Factor loading | Measurement Scales (Percentage %) |             |                      |                               |                   |          |                   |
|---|------|-------|----------------|-----------------------------------|-------------|----------------------|-------------------------------|-------------------|----------|-------------------|
|   |      |       |                | 1= Strongly disagree              | 2= Disagree | 3= Somewhat disagree | 4= Neither disagree nor agree | 5= Somewhat agree | 6= Agree | 7= Strongly agree |
| <b>Functional Value</b><br>(Alimen & Cerit, 2010)                         |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 16. This luxury brand offers value for money.                             | 5.22 | 1.330 | 0.569          | 0.4                               | 3.4         | 10.1                 | 11.3                          | 21.9              | 39.7     | 13.2              |
| 17. This luxury brand has consistent quality.                             | 5.51 | 1.158 | 0.554          | 0.0                               | 2.0         | 5.1                  | 9.7                           | 23.3              | 42.5     | 17.4              |
| 18. I buy this luxury brand to try to differentiate myself from others.   | 4.71 | 1.544 | 0.469          | 1.0                               | 10.3        | 13.4                 | 15.0                          | 23.1              | 26.7     | 10.5              |
| 19. I buy this luxury brand for satisfying my personal needs.             | 5.44 | 1.205 | 0.482          | 0.0                               | 4.3         | 3.8                  | 8.7                           | 24.5              | 44.3     | 14.4              |
| <b>Emotional Value</b><br>(Sweeney & Soutar, 2001; Bian & Forsythe, 2012) |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 20. This luxury brand makes me feel good.                                 | 5.63 | 1.014 | 0.682          | 0.0                               | 1.2         | 1.6                  | 10.7                          | 22.3              | 47.4     | 16.8              |
| 21. Using this luxury brand is enjoyable.                                 | 5.51 | 1.112 | 0.721          | 0.0                               | 1.8         | 4.0                  | 10.7                          | 23.5              | 44.5     | 15.4              |
| 22. This luxury brand makes me want to use it.                            | 5.46 | 1.212 | 0.672          | 0.0                               | 2.8         | 4.7                  | 12.3                          | 21.5              | 41.1     | 17.6              |
| <b>Social Value</b><br>(Sweeney & Soutar, 2001)                           |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 23. This luxury brand helps me to feel accepted.                          | 4.50 | 1.535 | 0.765          | 1.8                               | 12.3        | 11.3                 | 20.9                          | 22.9              | 23.3     | 7.5               |
| 24. This luxury brand improves the way I am perceived.                    | 4.45 | 1.598 | 0.860          | 2.2                               | 14.6        | 11.5                 | 17.2                          | 24.7              | 21.5     | 8.3               |
| 25. This luxury brand makes a good impression on other people.            | 4.69 | 1.525 | 0.820          | 1.2                               | 10.9        | 10.3                 | 17.4                          | 25.9              | 23.9     | 10.3              |
| 26. This luxury brand gives its owner social approval.                    | 4.46 | 1.594 | 0.829          | 2.2                               | 14.4        | 10.7                 | 19.6                          | 22.9              | 21.7     | 8.5               |
| <b>Symbolic value</b><br>(Hung <i>et al.</i> , 2011)                      |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 27. This luxury brand's product is conspicuous.                           | 4.76 | 1.621 | 0.609          | 2.6                               | 9.1         | 10.3                 | 19.0                          | 20.9              | 22.9     | 15.2              |
| 28. This luxury brand's product is expensive.                             | 4.44 | 1.698 | 0.726          | 3.6                               | 14.0        | 12.6                 | 18.6                          | 18.6              | 21.3     | 11.3              |
| 29. This luxury brand's product is for the wealthy.                       | 4.42 | 1.712 | 0.652          | 4.3                               | 13.4        | 14.0                 | 15.8                          | 20.9              | 20.4     | 11.3              |



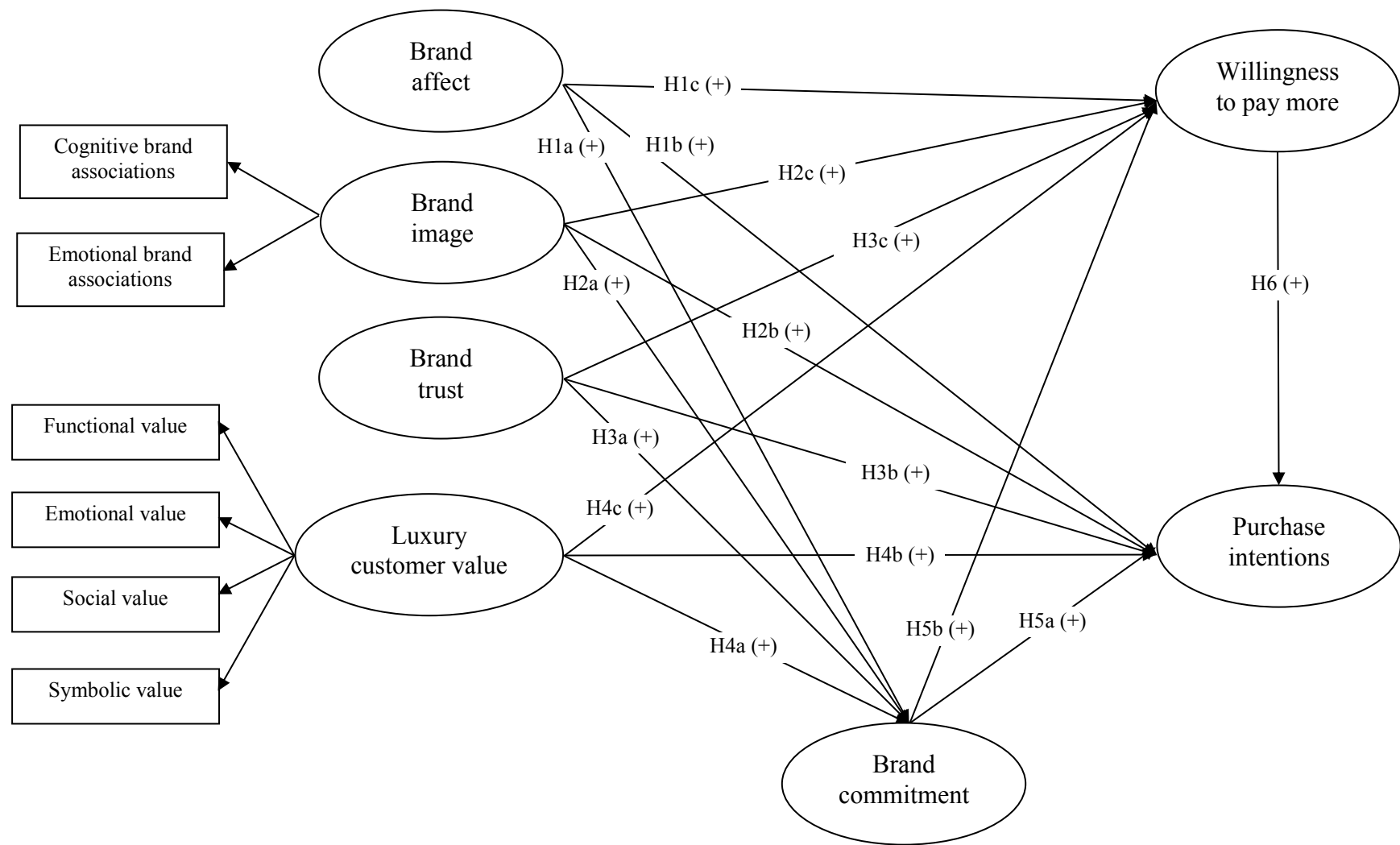
Table 5.5 Descriptive Statistics (continued)

| Variables   | Mean | SD    | Factor loading | Measurement Scales (Percentage %) |             |                      |                               |                   |          |                   |
|---|------|-------|----------------|-----------------------------------|-------------|----------------------|-------------------------------|-------------------|----------|-------------------|
|   |      |       |                | 1= Strongly disagree              | 2= Disagree | 3= Somewhat disagree | 4= Neither disagree nor agree | 5= Somewhat agree | 6= Agree | 7= Strongly agree |
| <b>Brand Commitment</b><br>(Fullerton, 2005)  |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 30. I feel emotionally attached to this luxury brand.   | 4.16 | 1.739 | 0.735          | 4.5                               | 19.8        | 12.6                 | 17.8                          | 17.4              | 19.2     | 8.7               |
| 31. This luxury brand has a great deal of personal meaning for me.  | 3.91 | 1.752 | 0.852          | 4.9                               | 24.9        | 15.4                 | 15.6                          | 15.4              | 16.4     | 7.5               |
| 32. I feel a strong sense of identification with this luxury brand.   | 4.22 | 1.683 | 0.715          | 3.2                               | 18.6        | 14.4                 | 16.2                          | 19.8              | 20.0     | 7.7               |
| 33. It would be very hard for me to switch away from this luxury brand even if I wanted to.   | 4.18 | 1.728 | 0.741          | 3.2                               | 22.1        | 11.7                 | 15.0                          | 20.4              | 19.2     | 8.3               |
| 34. My life would be disrupted if I switched away from this luxury brand.   | 3.33 | 1.809 | 0.813          | 14.2                              | 31.8        | 13.2                 | 9.7                           | 14.2              | 12.8     | 4.3               |
| 35. It would be too costly for me to switch from this luxury brand to other luxury brands.  | 3.53 | 1.847 | 0.739          | 10.9                              | 30.4        | 13.6                 | 12.1                          | 11.9              | 14.6     | 6.5               |
| <b>Purchase Intentions</b><br>(Dodds <i>et al.</i> , 1991; Bian & Forsythe, 2012)   |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 36. If I were going to purchase a luxury product within the next 12 months, I would consider buying this luxury brand.                  | 5.53 | 1.170 | 0.668          | 0.0                               | 3.4         | 3.2                  | 9.1                           | 21.7              | 46.2     | 16.4              |
| 37. If I were shopping for a luxury brand within the next 12 months, the likelihood is that I would purchase this luxury brand is high. | 5.51 | 1.177 | 0.738          | 0.0                               | 3.0         | 3.6                  | 10.5                          | 22.1              | 43.7     | 17.0              |
| 38. My willingness within the next 12 months to buy this luxury brand is high.  | 5.32 | 1.293 | 0.732          | 1.0                               | 4.3         | 3.6                  | 11.7                          | 25.5              | 39.7     | 14.2              |
| 39. The probability that I would buy this luxury brand within the next 12 months is high.   | 5.16 | 1.431 | 0.682          | 1.6                               | 5.5         | 5.1                  | 15.4                          | 23.5              | 33.2     | 15.8              |

Table 5.5 Descriptive Statistics (continued)

| Variables  | Mean | SD    | Factor loading | Measurement Scales (Percentage %) |             |                      |                               |                   |          |                   |
|--|------|-------|----------------|-----------------------------------|-------------|----------------------|-------------------------------|-------------------|----------|-------------------|
|  |      |       |                | 1= Strongly disagree              | 2= Disagree | 3= Somewhat disagree | 4= Neither disagree nor agree | 5= Somewhat agree | 6= Agree | 7= Strongly agree |
| Willingness to Pay a Price Premium<br>(Netemeyer <i>et al.</i> , 2004)   |      |       |                |                                   |             |                      |                               |                   |          |                   |
| 40. The price of this luxury brand would have to increase significantly before I would switch to competitor brands. <sup>a</sup> | 3.47 | 1.442 | 0.763          | 4.3                               | 24.9        | 28.5                 | 18.8                          | 11.1              | 10.5     | 1.8               |
| 41. I am willing to pay a higher price for this luxury brand compared with substitute brands.                                    | 4.30 | 1.507 | 0.946          | 1.0                               | 15.2        | 15.2                 | 20.2                          | 24.1              | 18.4     | 5.9               |
| 42. I am willing to pay a lot more for this luxury brand than competitor brands.   | 4.36 | 1.532 | 0.904          | 1.0                               | 14.6        | 15.4                 | 19.6                          | 21.9              | 21.1     | 6.5               |
| Note: <sup>a</sup> Reverse item  |      |       |                |                                   |             |                      |                               |                   |          |                   |

Figure 5.4 Proposed Conceptual Model



## 5.6 Step Two: Developing the Measurement Model

The purpose to develop the measurement model of SEM is twofold: (1) to identify which items to use in formulating each construct, and (2) to determine the number of indicators to use in measuring each construct (Byrne, 2010). According to Byrne's (2010) proposed approach, this section starts with unidimensionality testing for each construct, followed by the reliability and validity analysis. Unidimensionality testing is carried out by individually testing each latent variable in the proposed model (brand affect, brand image, brand trust, luxury customer value, brand commitment, purchase intentions and willingness to pay a price premium), and then by linking all possible pairs of constructs within the model.

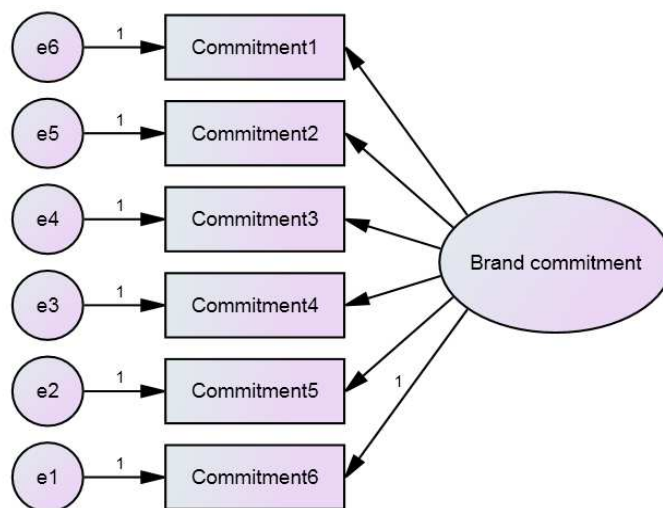
It is worth considering at this stage of the analysis that the unidimensionality test with each latent variable should be analysed with first-order structure factor analysis if possible, otherwise using second-order structure factor analysis or moving on to the next stage keeping the original indicators. For the constructs (e.g. luxury customer value) that have a second-order structure, each subdimension is examined first followed by gathering all of the subdimensions together (refer to Figure 5.3 for details).

The procedure for estimating unidimensionality recommended by Byrne (2010) is that to testing the unidimensionality should be estimated independently with each latent variable. Items are omitted as required at each step to obtain adequate measurement model fit. The chi-square  $\chi^2$  is the index of fit for testing unidimensionality as a measure of exact fit (Hair *et al.*, 2010). Kline (2011) argued that chi-square  $\chi^2$  rejects the model fitting as the number of cases increases. Alternative fit indices such as Goodness-of-Fit Index (GFI) and Adjusted Goodness-of-Fit Index (AGFI) are frequently used for estimating the unidimensional measures in SEM (Kline, 2011). All seven constructs in the model are subjective to the individual testing, and then the null measurement model is estimated with CFA, which is carried out by an overall unidimensionality test for all the constructs. Overall, the researcher will adopt the recommended benchmark of Hair *et al.* (2010, p. 673) through the whole data analysis process in this study to assess that model appropriateness involves established goodness-of-fit (above 0.9) and badness-of-fit (below 0.08) measures.

### 5.6.1 Unidimensionality Analysis for Brand Commitment Construct

The measurement model for brand commitment (Figure 5.5) consist of six items and generates a poor model fit based on the outcomes from Amos testing. The  $\chi^2$  test yields a statistic of 238.509 ( $\chi^2/\text{df}=26.501$ ), higher than the 5.0 as recommended by Hair *et al.* (2010). The goodness-of-fit statistics (GFI=0.857, AGFI=0.667, CFI=0.894, IFI=0.894 and TLI=0.823) are below the guideline 0.9 proposed by Hair *et al.* (2010). The badness-of-fit index RMSEA is 0.227 and greater than the recommended value 0.08 by Hair *et al.* (2010). Overall, all indicate the poor fit as a value below the recommended thresholds.

Figure 5.5 Single Construct Measurement for Brand Commitment (I)



In reviewing both unstandardised and standardised maximum likelihood parameter estimates (below, Table 5.6), all the parameter estimates are statistically significant and substantively meaningful.

Table 5.6 Selected Amos Text Output for Brand Commitment (I) – Maximum Likelihood Estimates

| Regression Weights |      |            | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|------------|-------------------------|-------|--------|-------|-----------------------|
| Commitment6        | <--- | Commitment | 1.000                   |       |        | 0.000 | 0.770                 |
| Commitment5        | <--- | Commitment | 1.060                   | 0.053 | 19.862 | 0.000 | 0.833                 |
| Commitment4        | <--- | Commitment | 0.940                   | 0.052 | 18.150 | 0.000 | 0.773                 |
| Commitment3        | <--- | Commitment | 0.899                   | 0.051 | 17.778 | 0.000 | 0.760                 |
| Commitment2        | <--- | Commitment | 1.111                   | 0.051 | 21.817 | 0.000 | 0.902                 |
| Commitment1        | <--- | Commitment | 0.978                   | 0.052 | 18.880 | 0.000 | 0.799                 |

Model Fit:  $\chi^2=238.509$  ( $\chi^2/\text{df}=26.501$ ), GFI=0.857, AGFI=0.667, CFI=0.894, IFI=0.894, TLI=0.823, RMSEA=0.227, CR=Construct Reliability, SE=Standard Error.

The next step is to identify any areas of poor fitting in this model. Modification indices (MIs) relate to the covariances, and there is very clear evidence of misspecification associated with the pairing of error terms associated with Item6 and Item5 (err1<->err2; MI=163.781) and those associated with Item2 and Item1 (err5<->err6; MI=63.548) (see Table 5.7). Although, admittedly, there are a few additional quite larger MI values shown, these two stand apart in that they are substantially larger than the others; they represent misspecified error covariances.

Aish and Joreskog (1990) explained that these measurement error covariances represent systematic, rather than random, measurement error in item responses, and they may derive from characteristics specific either to the items or to the respondents. For instance, if these parameters reflect item characteristics, they may represent a small omitted factor. On the other hand, if they represent respondent characteristics, they may reflect bias such as social desirability and the like (Aish & Joreskog, 1990). Another type of method effect that can trigger error covariances is a high degree of overlap in item content. Such redundancy occurs when an item, although worded differently, essentially asks the same question. The latter situation can be considered in the case here. For example, ‘Commitment5’ asks that life would be disrupted if people switched away from this luxury brand, while ‘Commitment6’ states that it would be too costly for people to switch from this luxury brand to other luxury brands. Apparently, the two items measured the same meaning to the customer, cognitively experienced as a realisation of the benefits sacrificed and switching costs if the relationship were to end (Gilliland & Bello, 2002).

Reviewing the conceptual model, brand commitment in this study consists of two components: affective commitment and continuance commitment. Therefore, it would be worth re-testing the brand commitment in a two-factor model as more appropriate to describe brand commitment.

Table 5.7 Amos Text Output for Measurement of Brand Commitment (I): Modification Indices and Parameter Change Statistics

| Covariances: |     |      |  | M.I.    | Par Change |
|--------------|-----|------|--|---------|------------|
| err5         | <-> | err6 |  | 63.548  | 0.356      |
| err4         | <-> | err5 |  | 7.953   | 0.131      |
| err2         | <-> | err6 |  | 24.376  | -0.268     |
| err2         | <-> | err5 |  | 19.832  | -0.192     |
| err1         | <-> | err6 |  | 20.448  | -0.281     |
| err1         | <-> | err5 |  | 24.408  | -0.247     |
| err1         | <-> | err4 |  | 9.123   | -0.194     |
| err1         | <-> | err2 |  | 163.781 | 0.776      |

| Variances<br>Regression Weights: |      |              | M.I.   | Par Change |
|----------------------------------|------|--------------|--------|------------|
| Commitment1                      | <--- | Commitment 2 | 8.664  | 0.085      |
| Commitment 1                     | <--- | Commitment 5 | 6.396  | -0.071     |
| Commitment 1                     | <--- | Commitment 6 | 7.564  | -0.075     |
| Commitment 2                     | <--- | Commitment 1 | 21.372 | 0.110      |
| Commitment 2                     | <--- | Commitment 5 | 5.524  | -0.054     |
| Commitment 2                     | <--- | Commitment 6 | 9.364  | -0.068     |
| Commitment 5                     | <--- | Commitment 1 | 7.893  | -0.080     |
| Commitment 5                     | <--- | Commitment 6 | 60.946 | 0.209      |
| Commitment 6                     | <--- | Commitment 1 | 6.547  | -0.083     |
| Commitment 6                     | <--- | Commitment 5 | 42.748 | 0.203      |

**Note:** MI=Modification Indices.

The modification index value would show how much the overall model  $\chi^2$  value would be reduced by also estimating a loading for a particular item to the particular construct. In particular, it can be decided that by allowing the model to be re-estimated with one of the covariance errors (e.g., error 2) specified as free, the overall  $\chi^2$  value can be reduced by 163.781. However, Hair *et al.* (2010) argue that making model changes based solely on modification indices is not recommended. Modification is an important tool for identifying problematic indicator variables if they exhibit the potential for cross-loadings. The purpose of the modifications is to provide important diagnostic information about the potential for cross-loadings (Hair *et al.*, 2010).

The correlation matrix is typical of interest in presenting results between variables. From the correlation matrix in Table 5.8, some recognisable associations can be seen between the variables that comprise the commitment scale. Although most of the correlation coefficients between variables are lower than 0.70, several correlation coefficients between variables are close to or exceed 0.70 and are shaded accordingly in Table 5.8.

Table 5.8 SPSS Output for the Full Measurement Model of Brand Commitment – Correlation Matrix

| Variables   | 1       | 2       | 3       | 4       | 5       | 6     |
|-------------|---------|---------|---------|---------|---------|-------|
| Commitment1 | 1.000   |         |         |         |         |       |
| Commitment2 | 0.795** | 1.000   |         |         |         |       |
| Commitment3 | 0.591** | 0.741** | 1.000   |         |         |       |
| Commitment4 | 0.606** | 0.687** | 0.613** | 1.000   |         |       |
| Commitment5 | 0.602** | 0.714** | 0.613** | 0.657** | 1.000   |       |
| Commitment6 | 0.546** | 0.645** | 0.535** | 0.595** | 0.819** | 1.000 |

**Note:** \*\* Correlation is significant at the 0.01 level (2-tailed).

According to Garver and Mentzer (1999), when the correlation coefficients are near to or bigger than 0.70, the researchers should consider using second-order CFA to test the model

rather than then applying first-order model. From the theoretical perspective, fit statistics related to a model parameterised either as a first-order construct or as a second-order structure is equivalent (Byrne, 2010). However, there are some differences with the findings generated from this research. Additional details regarding the differences between first-order and second-order structure are presented in the next section.

#### **5.6.1.1 Testing Brand Commitment with the Second-Order Factor Structure**

Two perspectives on the factor analysis structure can be gained with the introduction of the first-order factor and the second-order factor models. In the first-order factor model, the researcher focuses on the covariance between measured variables explained with a single latent factor layer. A first-order is a unidimensional factor determined directly from its indicators (Garver & Mentzer, 1999). For example, a first-order factor is a directly measurable, operational construct such as brand trust which can be explained as the consumer-brand relationship that Chinese consumers have with Western luxury brands.

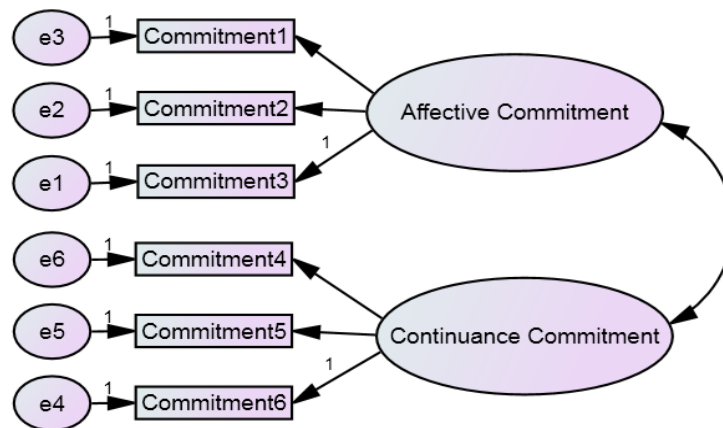
When the construct in a CFA model has several dimensions, it is necessary to reveal the structural relationships between the dimensions. The construct of brand commitment in this study is borrowed from Fullerton (2004), who originally adapted it from Allen and Meyer (1990), and proposes to measure customer commitment as being the key determinant of customer loyalty in retail and service industries. In Fullerton's (2004) study, two dimensions initially generated commitment measurement: affective commitment and continuance commitment with retailers. These specific two dimensions are then measured by individual items. The structure can be represented by a second-order factor model, which postulates that the first-order factors estimated are actually a subdimension of a broader and more encompassing construct. As the respondents' brand commitment is on two levels, these two dimensions in terms of "affective commitment" and "continuance commitment" indicate that the first-order factors and the second-order factors would be the overall brand commitment, which would be indicated by a first-order just described. The re-tested model is labelled as Brand Commitment Model (II). Results for this analysis are discussed in the next section.



### 5.6.1.2 Re-testing the Brand Commitment Construct with a Two-Factor Model

Turning to Amos graphics, the researcher modified the initially hypothesised model by dividing the original construct into two factors. The modified model structure is presented in Figure 5.6. Goodness-of-fit statistics related to Model (II) reveals that incorporation of the two factors has made a substantially large improvement to model fit. The overall model  $\chi^2$  is 83.072. The goodness-of-fit indices (CFI=0.965, GFI=0.948, IFI=0.965 and TLI=0.935) exceed the guideline of greater than 0.9 and fit a model of this complexity and sample size (Hair *et al.*, 2010). AGFI=0.863 is below the recommended value 0.9 (Hair *et al.*, 2010). The badness-of-fit value of RMSEA is 0.138, greater than the proposed level of 0.08 by Hair *et al.* (2010).

Figure 5.6 Re-specified Model for Factorial Structure of Brand Commitment (II)



In reviewing both unstandardised and standardised maximum likelihood parameter estimates (see Table 5.9), all the parameter estimates are statistically significant and substantively meaningful.

Table 5.9 Selected Amos Text Output for Brand Commitment (II) – Maximum Likelihood Estimates

| Regression Weights |      |    | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|----|-------------------------|-------|--------|-------|-----------------------|
| Commitment6        | <--- | CC | 1.000                   |       |        | 0.000 | 0.863                 |
| Commitment5        | <--- | CC | 1.055                   | 0.039 | 27.028 | 0.000 | 0.928                 |
| Commitment4        | <--- | CC | 0.793                   | 0.042 | 19.036 | 0.000 | 0.731                 |
| Commitment3        | <--- | AC | 1.000                   |       |        | 0.000 | 0.749                 |
| Commitment2        | <--- | AC | 1.331                   | 0.061 | 21.671 | 0.000 | 0.958                 |
| Commitment1        | <--- | AC | 1.137                   | 0.060 | 19.036 | 0.000 | 0.824                 |

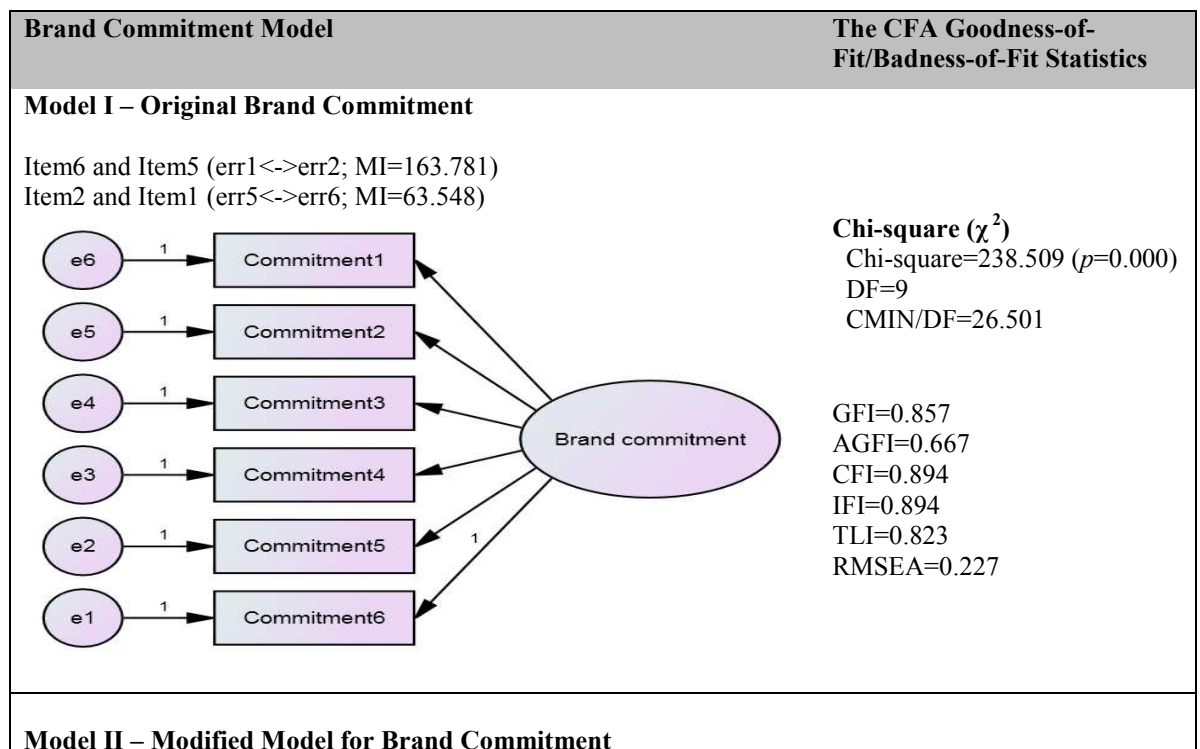
Model Fit:  $\chi^2=83.072$  ( $\chi^2/df=10.384$ ), GFI=0.948, AGFI=0.86, CFI=0.965, IFI=0.965, TLI=0.935, RMSEA=0.138, AC=Affective Commitment, CC=Continuance Commitment, CR=Construct Reliability, SE=Standard Error.

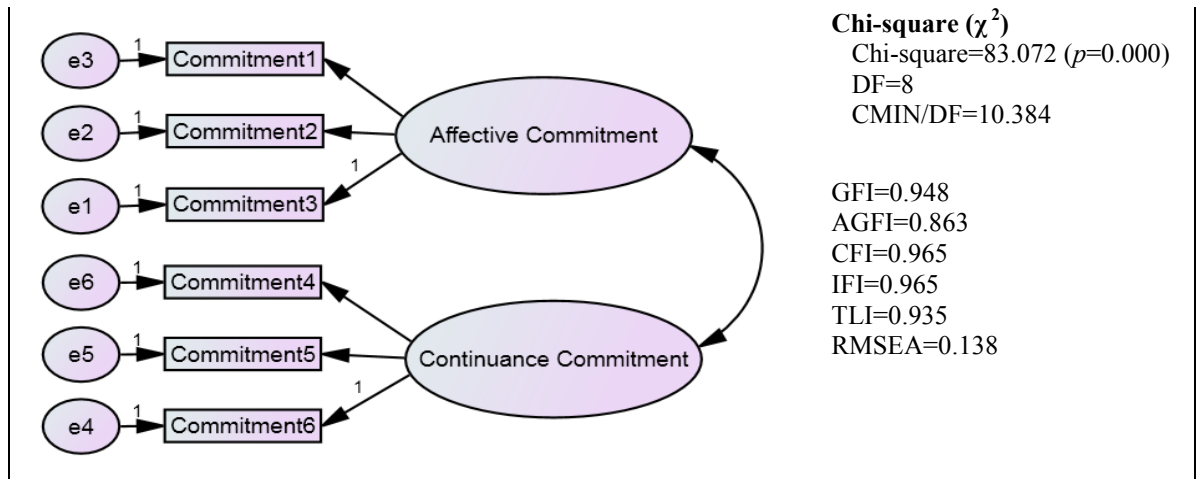
Turning to the MI presented in Table 5.10. Based on the modified hypothesised model (Model II), all the MI values are higher than the modification indices level of approximately 4.0 as recommended by Hair *et al.* (2010). However, MIs revealed that all the parameter estimates are statistically significant and there are no outstanding values suggestive of model poor fitting.

Table 5.10 Amos Text Output for Measurement of Brand Commitment (II): Modification Indices and Parameter Change Statistics

| Covariances:        |      |              | M.I.   | Par Change |
|---------------------|------|--------------|--------|------------|
| err6                | <->  | CC           | 37.699 | -0.366     |
| err6                | <->  | AC           | 54.990 | 0.347      |
| err5                | <->  | err6         | 7.168  | -0.133     |
| err4                | <->  | err6         | 7.165  | -0.155     |
| err4                | <->  | err5         | 9.372  | 0.121      |
| err2                | <->  | err6         | 7.119  | 0.126      |
| err1                | <->  | err6         | 8.263  | 0.185      |
| Variances           |      |              | M.I.   | Par Change |
| Regression Weights: |      |              | M.I.   | Par Change |
| Commitment 4        | <--- | AC           | 13.776 | 0.169      |
| Commitment 4        | <--- | Commitment 1 | 16.126 | 0.128      |
| Commitment 4        | <--- | Commitment 2 | 15.253 | 0.124      |
| Commitment 4        | <--- | Commitment 3 | 20.517 | 0.150      |

**Note:** AC=Affective Commitment, CC=Continuance Commitment, MI=Modification Indices.



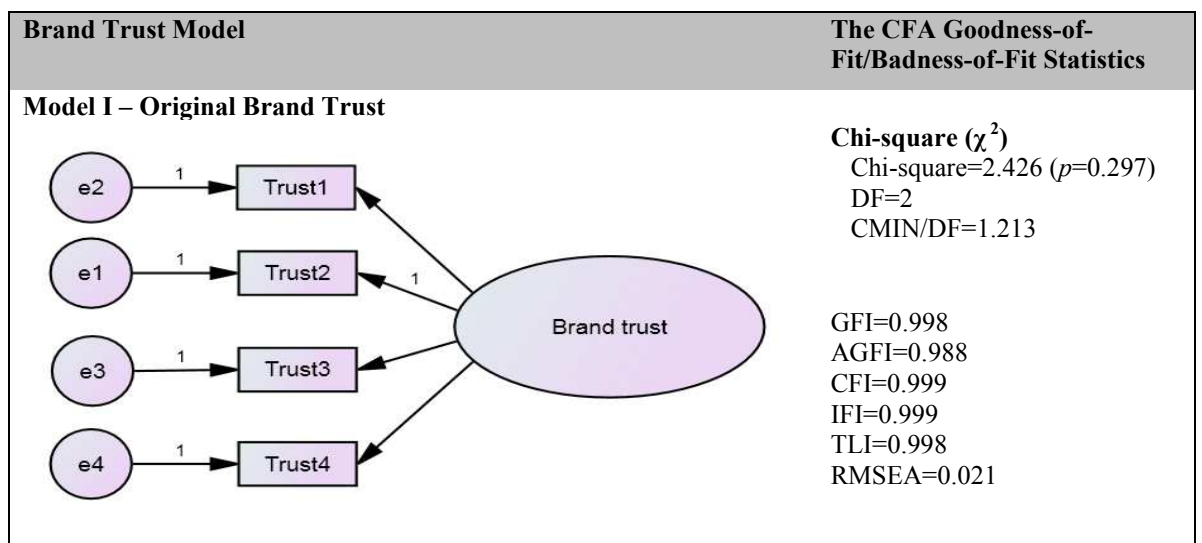


Note: DF=Degree of freedom, MI=Modification Indices.

### 5.6.2 Unidimensionality Analysis for Brand Trust Construct

The measurement model of brand trust (Figure 5.13) provides the  $\chi^2$  statistic of 2.426 with two degrees of freedom, and the value of  $\chi^2/df=1.213$  less than 2.0 as recommended by Hair *et al.* (2010). It represents that the hypothetical model is a good fit with the sample data. All the goodness-of-fit statistics (GFI, AGFI, CFI, IFI and TLI) are exceeding the recommended value 0.9 (Hair *et al.*, 2010) and provide strong confidence in the credibility of the measurement model. RMSEA=0.021 is below the guideline of 0.08 (Hair *et al.*, 2010). The conclusion drawn is that the assessed model of brand trust exhibits a very high and appropriate level of robustness.

Figure 5.7 Single Construct Measurement for Brand Trust



Note: DF=Degree of Freedom, MI=Modification Indices.

Table 5.11 demonstrates that all the parameter estimates are statistically significant and substantively meaningful. It is evident that four items related to brand trust load on the factor.

Table 5.11 Selected Amos Text Output for Brand Trust – Maximum Likelihood Estimates

| Regression Weights |      |             | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|-------------|-------------------------|-------|--------|-------|-----------------------|
| Trust 4            | <--- | Brand trust | 1.000                   |       |        | 0.000 | 0.767                 |
| Trust 1            | <--- | Brand trust | 0.744                   | 0.046 | 16.223 | 0.000 | 0.738                 |
| Trust 2            | <--- | Brand trust | 0.760                   | 0.059 | 12.855 | 0.000 | 0.595                 |
| Trust 3            | <--- | Brand trust | 0.912                   | 0.050 | 18.344 | 0.000 | 0.894                 |

Model Fit:  $\chi^2=2.426$  ( $\chi^2/df=1.213$ ), GFI=0.998, AGFI=0.988, CFI=0.999, IFI=0.997, TLI=0.998, RMSEA=0.021, CR=Construct Reliability, SE=Standard Error.

The “Trust3” and “Trust4” variables appear to be the best indicators of brand trust in this study. Their standardised regression weights are 0.894 and 0.767 respectively. “Trust2” is the poorest among the indicators of brand trust, with an  $R^2$  of 0.35 and a standardised regression weight of 0.595. Overall, this indicates that the measurement model for testing brand trust represents the best fit and provides good evidence of unidimensionality for the brand trust measurement.

### 5.6.3 Unidimensionality Analysis for Purchase Intentions Construct

The measurement model of purchase intention (Figure 5.8) calculates the  $\chi^2$  statistic as 1.951 ( $\chi^2/df=1.951$ ); this is considered very good and less than the 2.0 as recommended by Hair *et al.* (2010). The assessment of goodness-of-fit, the GFI=0.998, AGFI=0.980, CFI=0.999, TLI=0.999 and IFI=0.999 are above the Hair *et al.* (2010) recommended level of 0.9. The RMSEA=0.044 is lower than the acceptance level of 0.08 (Hair *et al.*, 2010). Consequently, the assessed model reflects good model fit.

Figure 5.8 Single Construct Measurement for Purchase Intentions

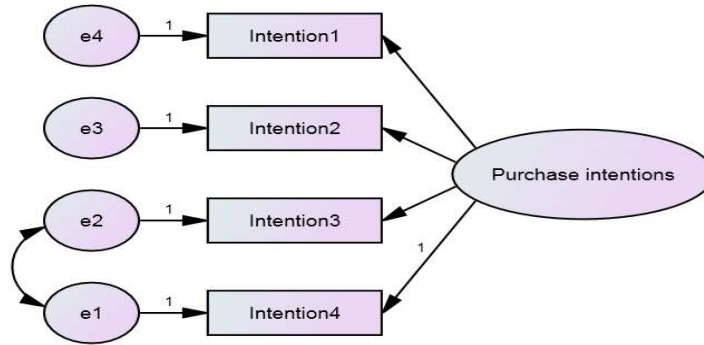


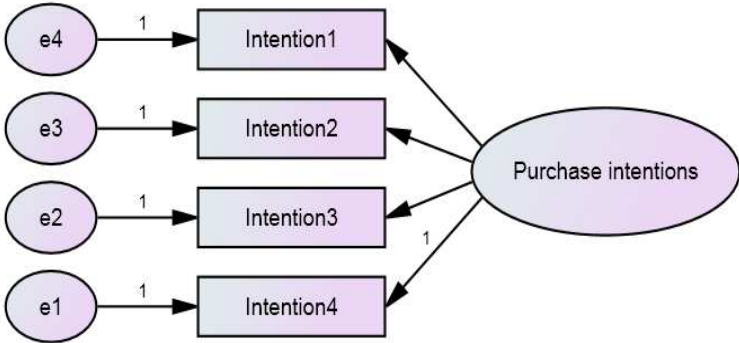
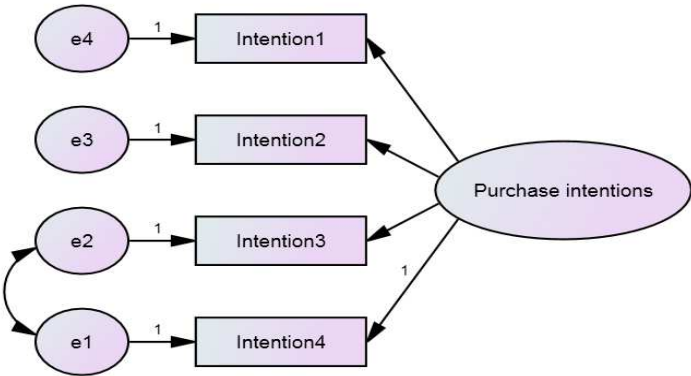
Table 5.12 demonstrates that all the parameter estimates are statistically significant and substantively meaningful. It is evident that four items related to purchase intention load on the factor.

Table 5.12 Selected Amos Text Output for Purchase Intentions – Maximum Likelihood Estimates

| Regression Weights |      |           | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|-----------|-------------------------|-------|--------|-------|-----------------------|
| Intention 4        | <--- | Intention | 1.000                   |       |        | 0.000 | 0.663                 |
| Intention 3        | <--- | Intention | 0.974                   | 0.057 | 17.050 | 0.000 | 0.715                 |
| Intention 2        | <--- | Intention | 1.087                   | 0.075 | 14.453 | 0.000 | 0.875                 |
| Intention 1        | <--- | Intention | 0.965                   | 0.068 | 14.204 | 0.000 | 0.782                 |

Model Fit:  $\chi^2=1.951$  ( $\chi^2/df=1.951$ ), GFI=0.998, AGFI=0.980, CFI=0.999, IFI=0.999, TLI=0.994, RMSEA=0.044, CR=Construct Reliability, SE=Standard Error.

The “Intention2” and “Inteniton1” variables appear to be the best indicators of purchase intention in this study. Their standardised regression weights are 0.875 and 0.782 respectively. “Intention4” is the poorest among the indicators of purchase intention, with an  $R^2$  of 0.44 and a standardised regression weight of 0.663.

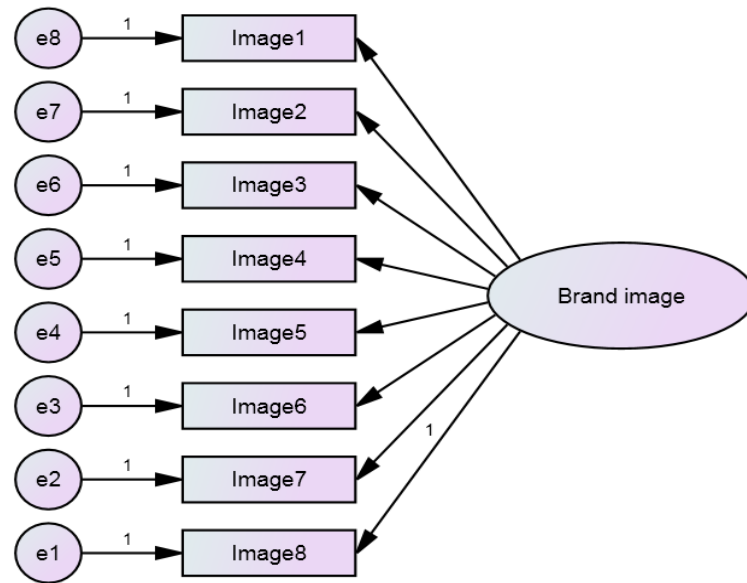
| Purchase Intentions Model  | The CFA Goodness-of-Fit/Badness-of-Fit Statistics  |
|--|--|
| <b>Model I – Original Purchase Intentions</b><br>Item3 and Item4 (err1<->err2; MI=27.535); |  |
|          | <b>Chi-square (<math>\chi^2</math>)</b><br>Chi-square=47.601( $p=0.000$ )<br>DF=2<br>CMIN/DF=23.800<br><br>GFI=0.951<br>AGFI=0.754<br>CFI=0.950<br>IFI=0.951<br>TLI=0.851<br>RMSEA=0.215 |
| <b>Model II – Modified Model for Purchase Intentions</b>                                   |  |
|         | <b>Chi-square (<math>\chi^2</math>)</b><br>Chi-square=1.951( $p=0.163$ )<br>DF=1<br>CMIN/DF=1.951<br><br>GFI=0.998<br>AGFI=0.980<br>CF=0.999<br>IFI=0.999<br>TLI=0.994<br>RMSEA=0.044    |

**Note:** DF=Degree of freedom, MI=Modification Indices.

#### 5.6.4 Unidimensionality Analysis for Brand Image Construct

The measurement model for brand commitment (Figure 5.9) consists of six items and generates a poor model fit based on the outcomes from the Amos test. The  $\chi^2$  test yields a statistic of 344.799 which evaluated with 20 degrees of freedom ( $\chi^2/\text{df}=17.240$ ), greater than the 5.0 recommended by Hair *et al.* (2010). The goodness-of-fit values of GFI=0.835, AGFI=0.703, CFI=0.762, IFI=0.763 and TLI=0.667 is less than the recommended level of 0.9, while the badness-of-fit value of RMSEA=0.181 is bigger than 0.08 (Hair *et al.*, 2010). The current model reflects poor model fit.

Figure 5.9 Single Construct Measurement for Brand Image (I)



In reviewing both unstandardised and standardised maximum likelihood parameter estimates (see below, Table 5.13), all the parameter estimates are statistically significant and substantively meaningful.

Table 5.13 Selected Amos Text Output for Brand Image (I) - Maximum Likelihood Estimates

| Regression Weights |      |             | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|-------------|-------------------------|-------|--------|-------|-----------------------|
| Image8             | <--- | Brand image | 1.000                   |       |        |       | 0.584                 |
| Image7             | <--- | Brand image | 1.006                   | 0.096 | 10.438 | 0.000 | 0.609                 |
| Image6             | <--- | Brand image | 1.208                   | 0.112 | 10.815 | 0.000 | 0.641                 |
| Image5             | <--- | Brand image | 1.027                   | 0.096 | 10.748 | 0.000 | 0.635                 |
| Image4             | <--- | Brand image | 0.820                   | 0.073 | 11.296 | 0.000 | 0.685                 |
| Image3             | <--- | Brand image | 0.737                   | 0.066 | 11.126 | 0.000 | 0.669                 |
| Image2             | <--- | Brand image | 0.853                   | 0.081 | 10.512 | 0.000 | 0.615                 |
| Image1             | <--- | Brand image | 0.820                   | 0.088 | 9.287  | 0.000 | 0.520                 |

Model Fit:  $\chi^2=344.799$  ( $\chi^2/df=17.240$ ), GFI=0.835, AGFI=0.703, CFI=0.762, IFI=0.763, TLI=0.667, RMSEA=0.181, CR=Construct Reliability, SE=Standard Error.

The following step is to identify any items of poor fitting in this model. There is very clear evidence of misspecification associated with the pairing of error terms associated with Item3 and Item2 (err6<->err7; MI=65.774), Item4 and Item3 (err5<->err6; MI=82.834), Item7 and Item6 (err2<->err3; MI=58.344), and Item8 and Item6 (err1<->err3; MI=43.070) (see Table 5.14).

Table 5.14 Amos Text Output for Measurement of Brand Image (I): Modification Indices and Parameter Change Statistics

| <b>Covariances:</b>        |      |      |  | <b>M.I.</b> | <b>Par Change</b> |
|----------------------------|------|------|--|-------------|-------------------|
| err6                       | <->  | err7 |  | 65.774      | 0.257             |
| err5                       | <->  | err6 |  | 82.834      | 0.235             |
| err4                       | <->  | err8 |  | 38.326      | 0.358             |
| err2                       | <->  | err6 |  | 27.643      | -0.199            |
| err2                       | <->  | err3 |  | 58.344      | 0.507             |
| err1                       | <->  | err6 |  | 18.034      | -0.170            |
| err1                       | <->  | err3 |  | 43.070      | 0.459             |
| err1                       | <->  | err2 |  | 23.278      | 0.303             |
| <b>Variances</b>           |      |      |  |             |                   |
| <b>Regression Weights:</b> |      |      |  | <b>M.I.</b> | <b>Par Change</b> |
| err2                       | <--- | err3 |  | 32.092      | 0.267             |
| err3                       | <--- | err2 |  | 37.483      | 0.175             |
| err3                       | <--- | err4 |  | 38.632      | 0.205             |
| err4                       | <--- | err3 |  | 40.767      | 0.246             |
| err5                       | <--- | err1 |  | 26.506      | 0.195             |
| err6                       | <--- | err7 |  | 33.666      | 0.243             |
| err6                       | <--- | err8 |  | 26.276      | 0.207             |
| err7                       | <--- | err3 |  | 13.480      | -0.207            |
| err7                       | <--- | err6 |  | 30.905      | 0.183             |
| err8                       | <--- | err6 |  | 22.775      | 0.165             |

**Note:** MI=Modification Indices.

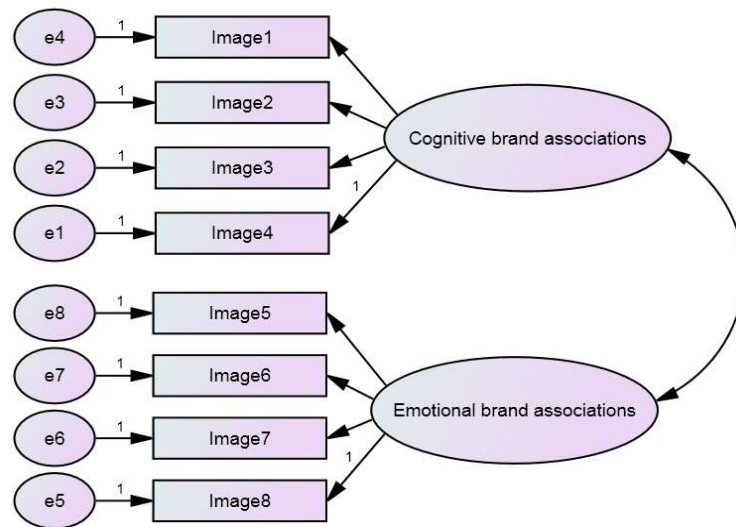
According to the conceptual model, the brand image included the components: affective brand associations and emotional brand associations. Therefore, it would be worth re-testing the brand image in a two-factor model as more appropriate to describe the brand image.

#### 5.6.4.1 Re-testing Brand Image Construct with a Two Factor Model

The researcher modified the initial hypothesised model that involved a single construct and brand image by dividing it into two factors. The modified model structure for Model (II) is presented in Figure 5.10, showing the dimension split into cognitive and emotional subdimensions of image.



Figure 5.10 Re-specified Model for Factorial Structure of Brand Image (II)



The goodness-of-fit statistics related to Model (II) reveals that choosing two factors has made a substantially large improvement to model fit. The  $\chi^2$  value has decreased from 344.799 to 159.888. The goodness-of-fit indices CFI=0.897, GFI=0.936 AGFI=0.878, IFI=0.897 and TLI=0.848 are close to the Hair *et al.* (2010) guideline of 0.9. RMSEA has declined from 0.181 to 0.123, still higher than recommended level of 0.08 (Hair *et al.*, 2010). The result of this respecified model indicates that the model is at a good fit level. In reviewing both unstandardised and standardised maximum likelihood parameter estimates (see below, Table 5.15), all the parameter estimates are statistically significant and substantively meaningful.

Table 5.15 Selected Amos Text Output for Brand Image (II) – Maximum Likelihood Estimates

| Regression Weights |      |             | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|-------------|-------------------------|-------|--------|-------|-----------------------|
| Image8             | <--- | Brand image | 1.000                   |       |        |       | 0.670                 |
| Image7             | <--- | Brand image | 1.018                   | 0.800 | 12.674 | 0.000 | 0.706                 |
| Image6             | <--- | Brand image | 1.305                   | 0.097 | 13.504 | 0.000 | 0.793                 |
| Image5             | <--- | Brand image | 0.833                   | 0.076 | 11.001 | 0.000 | 0.591                 |
| Image4             | <--- | Brand image | 1.000                   |       |        | 0.000 | 0.747                 |
| Image3             | <--- | Brand image | 1.038                   | 0.065 | 15.812 | 0.000 | 0.841                 |
| Image2             | <--- | Brand image | 1.058                   | 0.076 | 13.874 | 0.000 | 0.683                 |
| Image1             | <--- | Brand image | 0.788                   | 0.860 | 9.119  | 0.000 | 0.447                 |

Model Fit:  $\chi^2=159.888$  ( $\chi^2/df=8.415$ ), GFI=0.936, AGFI=0.878, CFI=0.897, IFI=0.897, TLI=0.848, RMSEA=0.123, CR=Construct Reliability, SE=Standard Error.

Consideration can now be given to the MI presented in Table 5.16. Based on the modified hypothesised model of brand image (Model II), most of the MI values are higher than the modification indices of approximately 4.0 as recommended by Hair *et al.* (2010). The

review of the MI reveals some evidence of potential poor fitting in the model. In reviewing the parameters in “covariances” (see below, Table 5.16), the largest MI is 50.376 between Image1 and Image5 (err4<->err8). The standardised regression weights for both Image5 and Image1 have a relatively poor loading, with 59.1% of variance in Image5 and 44.7% of variance in Image1. From the guideline of the indicators of the standardised factor loadings these should be above 0.7, otherwise these relatively low standardised loadings cannot be remedied in the model specification (Kline, 2011, p. 116).

Table 5.16 Amos Text Output for Measurement of Brand Image (II): Modification Indices and Parameter Change Statistics

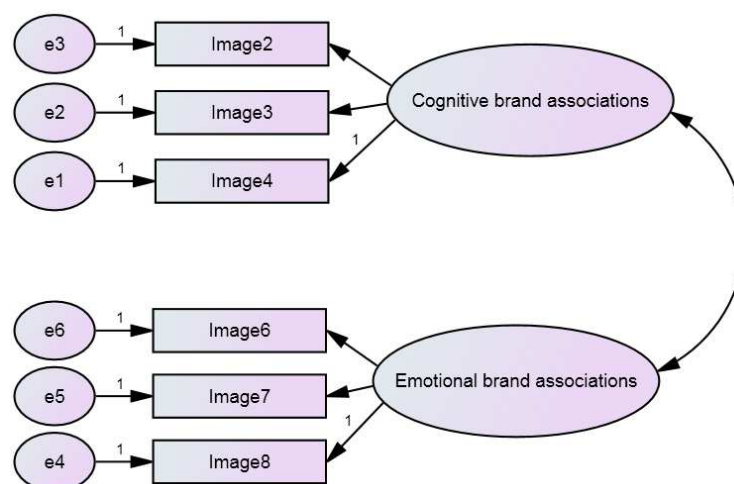
| Covariances:        |      |        | M.I.   | Par Change |
|---------------------|------|--------|--------|------------|
| err4                | <->  | EBA    | 23.182 | 0.244      |
| err4                | <->  | err8   | 50.376 | 0.443      |
| Variances           |      |        | M.I.   | Par Change |
| Regression Weights: |      |        |        |            |
| Image5              | <--- | Image1 | 59.847 | 0.303      |
| Image1              | <--- | Image5 | 53.550 | 0.294      |

**Note:** CBA=Cognitive Brand Associations, EBA=Emotional Brand Associations, MI=Modification Indices.

#### 5.6.4.2 Re-estimated Brand Image Construct (III)

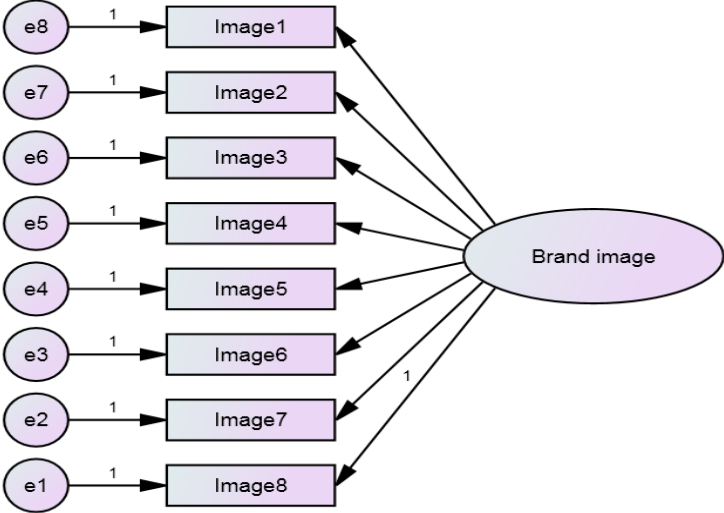
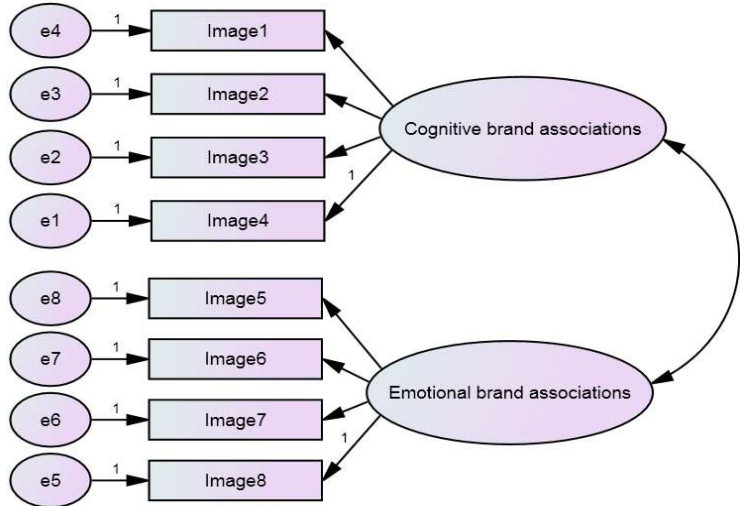
Model III will be re-estimated without the error covariance of err4 and err8 indicated as free parameters in Table 5.16 above.

Figure 5.11 Re-specified Model for Factorial Structure of Brand Image (III)



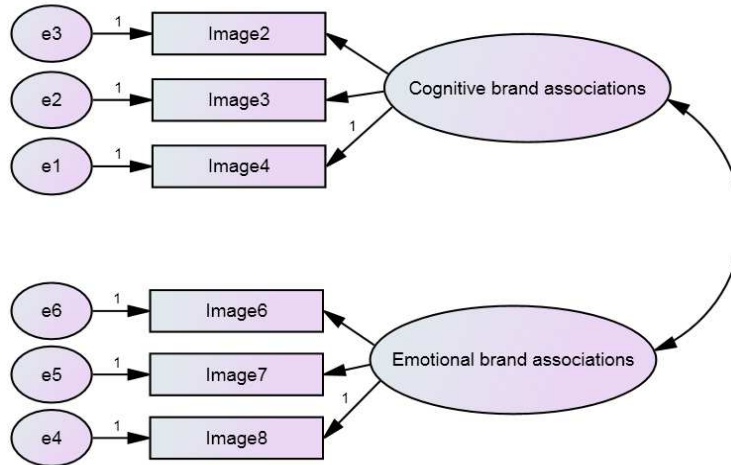
The goodness-of-fit statistics related to Model (III) (Figure 5.11) reveal that removing these two items has been to substantially improve the model’s fit. The overall model  $\chi^2$  is 39.558. For assessment of goodness-of-fit, the CFI=0.969, GFI=0.976, AGFI=0.837,

IFI=0.969 and TLI=0.940 all indicate good fit as their values are relatively close to the recommended threshold of 0.9 (Hair *et al.*, 2010). RMSEA has decreased from 0.123 to 0.089 and reached the Hair *et al.* (2010) recommended level of 0.08. Overall, the re-estimated model (III) reflects a good model fit.

| Brand Image Model   | The CFA Goodness-of-Fit/Badness-of-Fit Statistics  |
|---|--|
| <b>Model I – Original Brand Image</b>   | <b>Chi-square (<math>\chi^2</math>)</b><br>Chi-square=344.799<br>( $p=0.000$ )<br>DF=20<br>CMIN/DF=17.240<br><br>GFI=0.835<br>AGFI=0.703<br>CFI=0.762<br>IFI=0.763<br>TLI=0.667<br>RMSE =0.181 |
| <p>Item3 and Item2 (err6&lt;-&gt;err7; MI=65.774);<br/>           Item4 and Item3 (err5&lt;-&gt;err6; MI=82.834);<br/>           Item7 and Item6 (err2&lt;-&gt;err3; MI=58.344);<br/>           Item8 and Item6 (err1&lt;-&gt;err3; MI=43.070).</p>  |  |
| <b>Model II – Modified Model for Brand Image</b>  | <b>Chi-square (<math>\chi^2</math>)</b><br>Chi-square=159.888<br>( $p=0.000$ )<br>DF=19<br>CMIN/DF=8.415<br><br>GFI=0.936<br>AGFI=0.878<br>CFI=0.897<br>IFI=0.897<br>TLI=0.848<br>RMSEA=0.123  |
| <p>Item1 and Item5 (err4&lt;-&gt;err8; MI=50.376)</p>   |  |

### Model III – Modified Model for Brand Image

(Deleted Image1 and Image5)



**Chi-square ( $\chi^2$ )**

Chi-square=39.558 ( $p=0.000$ )

DF=8

CMIN/DF=4.945

GFI=0.976

AGFI=0.937

CFI=0.969

IFI=0.969

TLI=0.942

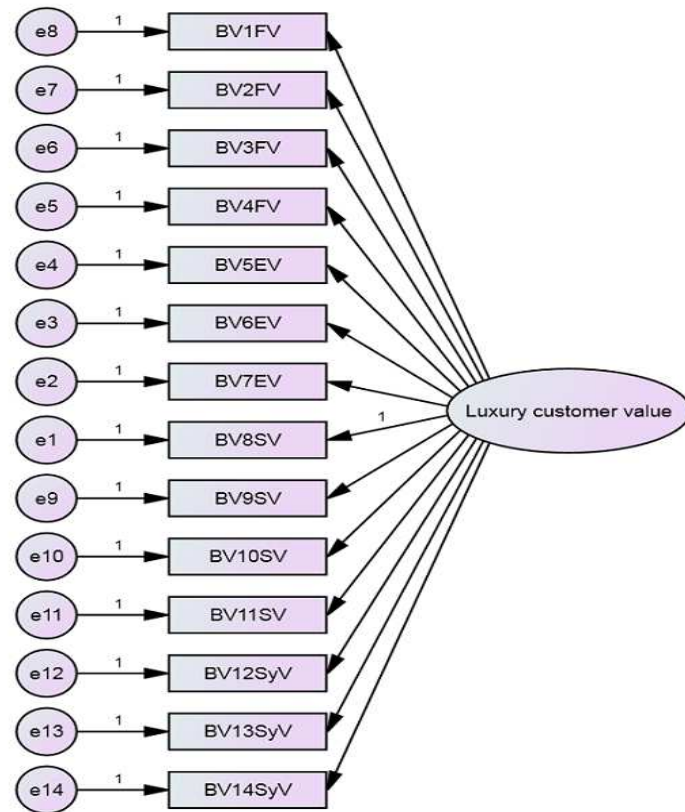
RMSEA=0.086

**Note:** DF=Degree of Freedom, MI=Modification Indices.

### 5.6.5 Unidimensionality Analysis for Luxury Customer Value

The measurement model for luxury customer value consists of 14 items in Figure 5.12. The  $\chi^2$  test yields a statistic of 1217.233 ( $\chi^2/\text{df}=15.808$ ), which is greater than 5.0 as recommended by Hair *et al.* (2010). For the goodness-of-fit statistics, GFI=0.678, AGFI=0.560, CFI=0.724, IFI=0.725 and TLI=0.674 are below the Hair *et al.* (2010) recommended level of less than 0.9. RMSEA=0.173 is above the recommended threshold of 0.08 (Hair *et al.*, 2010). Apparently, all indicate poor fit as their values are below the recommended thresholds.

Figure 5.12 Single Construct Measurement for Luxury Customer Value (I)



In reviewing both unstandardised and standardised maximum likelihood parameter estimates (below, Table 5.17), all the parameter estimates are statistically significant and substantively meaningful.

Table 5.17 Selected Amos Text Output for Luxury Customer Value (I) – Maximum Likelihood Estimates

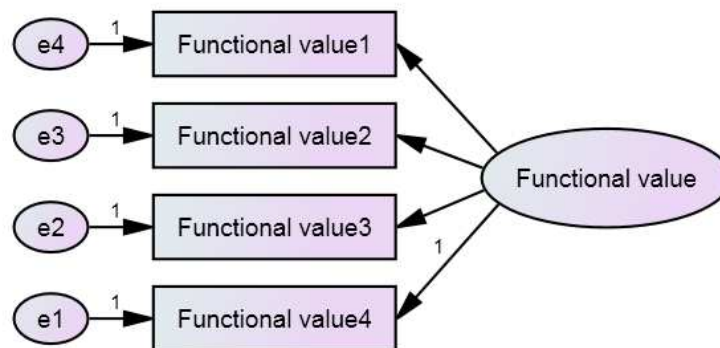
| Regression Weights |      |                       | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|-----------------------|-------------------------|-------|--------|-------|-----------------------|
| Value8             | <--- | Luxury customer value | 1.000                   |       |        |       | 0.812                 |
| Value7             | <--- | Luxury customer value | 0.531                   | 0.042 | 12.630 | 0.000 | 0.546                 |
| Value6             | <--- | Luxury customer value | 0.527                   | 0.038 | 13.855 | 0.000 | 0.591                 |
| Value5             | <--- | Luxury customer value | 0.415                   | 0.036 | 11.679 | 0.000 | 0.510                 |
| Value4             | <--- | Luxury customer value | 0.447                   | 0.043 | 10.451 | 0.000 | 0.462                 |
| Value3             | <--- | Luxury customer value | 0.902                   | 0.050 | 17.985 | 0.000 | 0.728                 |
| Value2             | <--- | Luxury customer value | 0.391                   | 0.041 | 9.424  | 0.000 | 0.420                 |
| Value1             | <--- | Luxury customer value | 0.498                   | 0.047 | 10.579 | 0.000 | 0.467                 |
| Value9             | <--- | Luxury customer value | 1.094                   | 0.049 | 22.441 | 0.000 | 0.853                 |
| Value10            | <--- | Luxury customer value | 1.026                   | 0.047 | 21.871 | 0.000 | 0.838                 |
| Value11            | <--- | Luxury customer value | 1.087                   | 0.049 | 22.307 | 0.000 | 0.850                 |
| Value12            | <--- | Luxury customer value | 0.912                   | 0.053 | 17.130 | 0.000 | 0.701                 |
| Value13            | <--- | Luxury customer value | 0.831                   | 0.058 | 14.399 | 0.000 | 0.610                 |
| Value14            | <--- | Luxury customer value | 0.712                   | 0.060 | 11.899 | 0.000 | 0.518                 |

Model Fit:  $\chi^2=1217.233$  ( $\chi^2/df=15.808$ ), GFI=0.675, AGFI=0.560, CFI=0.724, IFI=0.725, TLI=0.674, RMSEA=0.173, CR=Construct Reliability, SE=Standard Error.

### 5.6.5.1 Unidimensionality Analysis for Functional Value Construct

The measurement model of functional value (Figure 5.13) provides the overall model  $\chi^2$  statistic of 41.267 ( $\chi^2/\text{df}=20.633$ ), which is greater than 5.0 as the suggested level by Hair *et al.* (2010). The assessment of goodness-of-fit statistics, GFI=0.960, CFI=0.913 and IFI=0.914 are above the recommended level of 0.9, while AGFI=0.798 and TLI=0.738 are below the goodness-of-fit guidelines (Hair *et al.*, 2010). The value for RMSEA, an absolute fit index, is 0.200. This value appears quite high and above the 0.08 guideline for this model (Hair *et al.*, 2010). The current model indicates a reasonable model fit.

Figure 5.13 Single Construct Measurement for Functional Value



In reviewing both unstandardised and standardised maximum likelihood parameter estimates (below, Table 5.18), all the parameter estimates are statistically significant and substantively meaningful in the functional value model.

Table 5.18 Selected Amos Text Output for Functional Value – Maximum Likelihood Estimates

| Regression Weights |      |                  | Unstandardised Estimate | S.E.  | C.R.  | P     | Standardised Estimate |
|--------------------|------|------------------|-------------------------|-------|-------|-------|-----------------------|
| Value4             | <--- | Functional value | 1.000                   |       |       |       | 0.485                 |
| Value3             | <--- | Functional value | 1.270                   | 0.169 | 7.517 | 0.000 | 0.481                 |
| Value2             | <--- | Functional value | 1.503                   | 0.163 | 9.246 | 0.000 | 0.758                 |
| Value1             | <--- | Functional value | 1.807                   | 0.196 | 9.213 | 0.000 | 0.794                 |

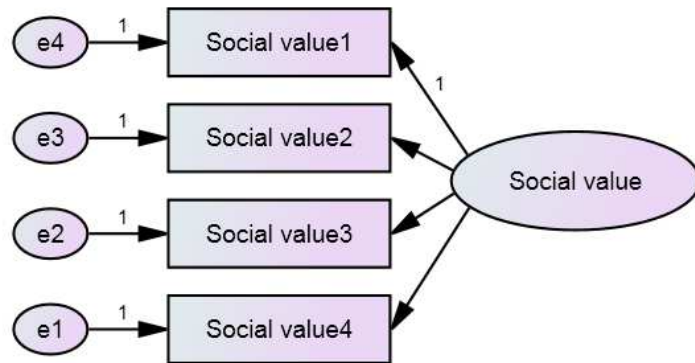
Note: CR=Construct Reliability, SE=Standard Error.

### 5.6.5.2 Unidimensionality Analysis for Social Value Construct

The measurement model of social value (Figure 5.14) presents the  $\chi^2$  statistic of 4.694 ( $\chi^2/\text{df}=4.694$ ), which is below the Hair *et al.* (2010) suggested value of lower than 5.0. The

goodness-of-fit indices GFI=0.974, CFI=0.983, IFI=0.983 and TLI=0.950 exceed the guidelines of greater than 0.9 (Hair *et al.*, 2010). However, the value of AGFI is 0.870 which is close to the Hair *et al.* (2010) recommended level of 0.9. The badness-of-fit of RMSEA=0.087 is slightly greater than the recommended level of 0.08 (Hair *et al.*, 2010).

Figure 5.14 Single Construct Measurement for Social Value



In reviewing both unstandardised and standardised maximum likelihood parameter estimates (below, Table 5.19), all the parameter estimates are statistically significant and substantively meaningful in the functional value model.

Table 5.19 Selected Amos Text Output for Social Value – Maximum Likelihood Estimates

| Regression Weights |      |              | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|--------------|-------------------------|-------|--------|-------|-----------------------|
| Value11            | <--- | Social value | 1.123                   | 0.050 | 22.543 | 0.000 | 0.870                 |
| Value10            | <--- | Social value | 1.075                   | 0.048 | 22.576 | 0.000 | 0.871                 |
| Value9             | <--- | Social value | 1.174                   | 0.049 | 23.984 | 0.000 | 0.908                 |
| Value8             | <--- | Social value | 1.000                   |       |        |       | 0.805                 |

**Note:** CR=Construct Reliability, SE=Standard Error.

The next step is to identify any areas of poor fitting in this model for the modification indices (MIs) related to the covariance. There is very clear evidence of misspecification associated with the pairing of error terms associated with Items3 and Item1 (err2<->err4; MI=14.242) (see Table 5.20).

Table 5.20 Amos Text Output for Measurement of Social Value (I): Modification Indices and Parameter Change Statistics

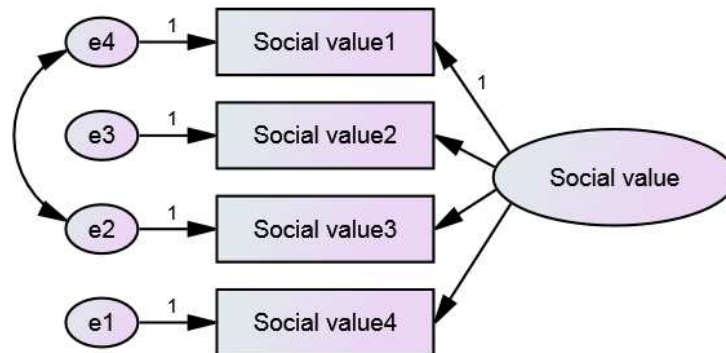
| Covariances: |     |      | M.I.   | Par Change |
|--------------|-----|------|--------|------------|
| err3         | <-> | err4 | 10.671 | 0.114      |
| err2         | <-> | err4 | 14.242 | -0.138     |

**Note:** MI=Modification Indices.



Item3 and Item1 has been correlated in the re-estimated model; the re-estimated model for social value is presented in Figure 5.15.

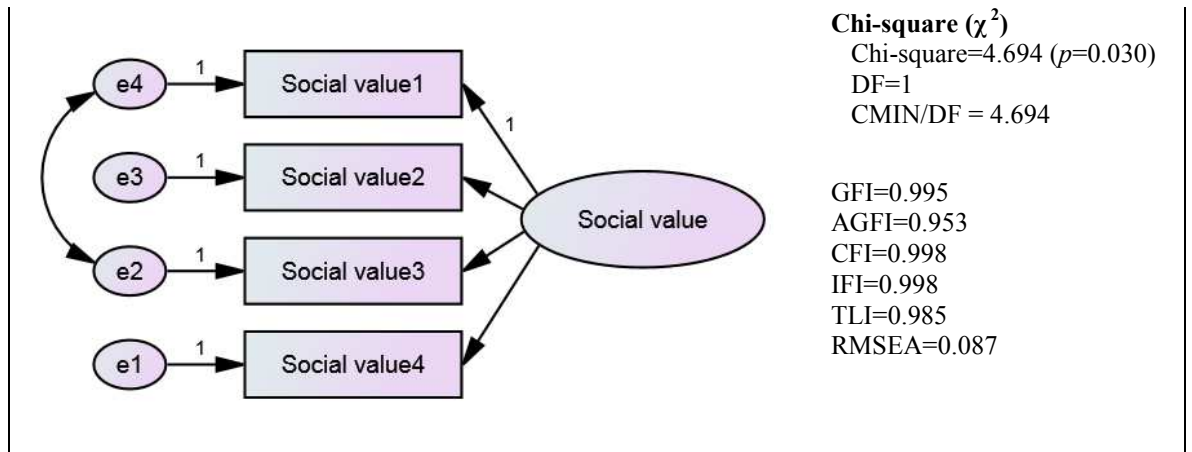
Figure 5.15 Single Construct Measurement for Social Value (I)



The overall of  $\chi^2$  is 4.694 ( $\chi^2/\text{df}=4.694$ ) which is less than 5.0 as suggested by Hair *et al.* (2010). The goodness-of-fit indices (GFI=0.995, AGFI=0.953, CFI=0.998, IFI=0.998 and TLI=0.985) are greater than guidelines recommended by Hair *et al.* (2010). The value of RMSEA is 0.087 and close with the suggested value of 0.08 (Hair *et al.*, 2010). The result of this model reflects good model fit.

| Social Value Model   | The CFA Goodness-of-Fit/Badness-of-Fit Statistics   |
|--|---|
| <b>Model I – Original Social Value</b><br>Item3 and Item1 (err2<->err4; MI=14.242) |   |
|  | <b>Chi-square (<math>\chi^2</math>)</b><br>Chi-square=27.032 ( $p=0.000$ )<br>DF=2<br>CMIN/DF=13.516<br><br>GFI=0.974<br>AGFI=0.870<br>CFI=0.983<br>IFI=0.983<br>TLI=0.950<br>RMSEA=0.159 |
| <b>Model II – Modified Model for Social Value</b>                                  |   |





**Note:** DF=Degrees of Freedom, MI=Modification Indices.

Table 5.21 summarises the indices of fit for all the constructs which can be tested with the single construct measurement model. Although Kline (2011) suggests two stages to test unidimensionality for the measurement model, it should be noted that there are some practical challenges when testing with each single construct of luxury customer value. That is, unidimensionality testing with a construct which only has two/three measures is difficult to demonstrate by using CFA as the measures are either under or just identified. One of the limitations of Amos software is that it does not allow the testing of one construct that includes only three indicators. Thus, the first stage of unidimensionality testing cannot be applied to emotional value and symbolic value. Given the potential challenge and software limitation, it has been decided that testing both emotional value and symbolic value will be moved to the second stage of the unidimensionality analysis.

Table 5.21 Results of Single Construct Measurement Model of Luxury Customer Value

| Variables        | $\chi^2$ | DF | $\chi^2/df$ | GFI   | AGFI  | CFI   | IFI   | TLI   | RMSEA |
|------------------|----------|----|-------------|-------|-------|-------|-------|-------|-------|
| Functional value | 0.321    | 1  | 0.321       | 1.000 | 0.997 | 1.000 | 1.001 | 1.009 | 0.000 |
| Emotional value  | -        | -  | -           | -     | -     | -     | -     | -     | -     |
| Social value     | 4.694    | 1  | 4.694       | 0.995 | 0.953 | 0.998 | 0.998 | 0.985 | 0.087 |
| Symbolic value   | -        | -  | -           | -     | -     | -     | -     | -     | -     |

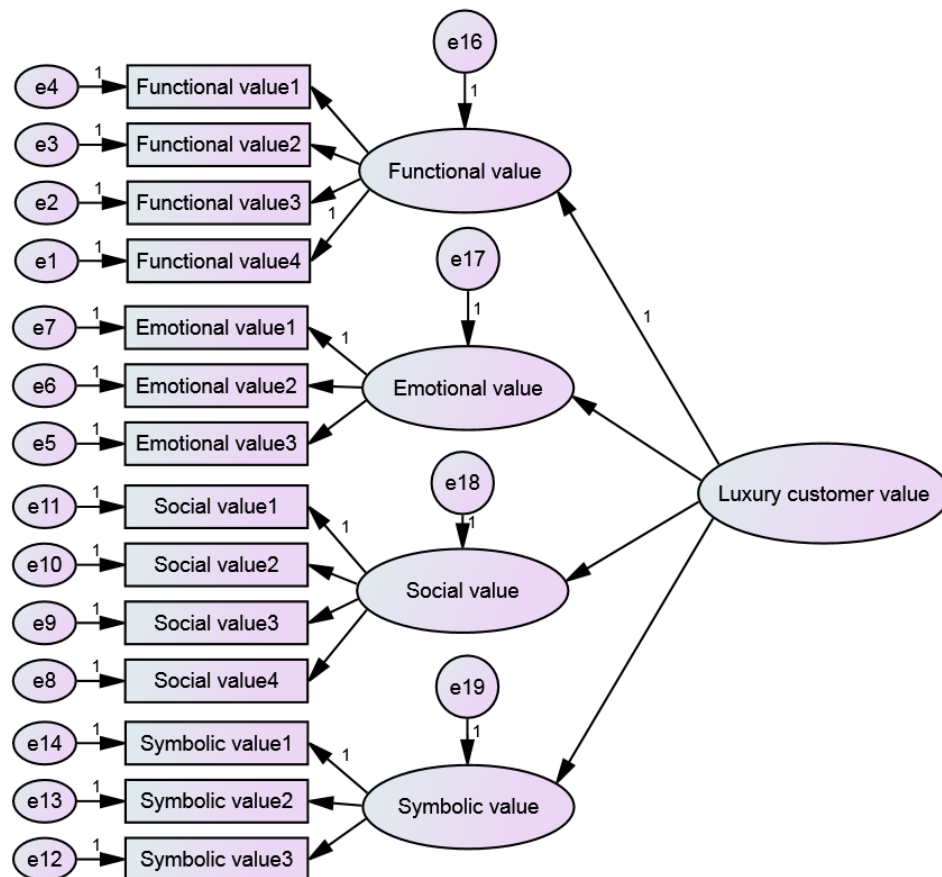
**Note:** Emotional value and symbolic value have only three indicators which are unable to be subjected to single construct measurement model testing as the measurements are under-identified. Therefore, they are tested at the second stage of the unidimensionality analysis.

### 5.6.6 Full Measure Model Testing for Luxury Customer Value

Based on the results of the single construct measurement testing, this section tests the full measurement model for luxury customer value. At this stage, all the possible pairs of the dimensions in luxury customer value model are linked together and examined with the second-order confirmatory factor analysis structure.

The full measurement model for luxury customer value model (Figure 5.16) is estimated and resulted in a poor level of model fit: the observed  $\chi^2$  for this model is 574.096 ( $\chi^2/\text{df}=7.864$ ), thus, exceeding the value of 5.0 recommended by Hair *et al.* (2010). The goodness-of-fit indices of GFI=0.844, AGFI=0.623, CFI=0.879, IFI=0.879 and TLI=0.849 are lower than the recommended level of 0.90 by Hair *et al.* (2010). Moreover, the assessment of badness-of-fit provided the value of RMSEA as 0.118, greater than the recommended level of 0.08 by Hair *et al.* (2010). In combination, this suggests that the current model needs to be improved.

Figure 5.16 Second-Order CFA Testing for Luxury Customer Value Model (I)



#### 5.6.6.1 Offering Estimates and Poor Fitting in the Full Measurement Model of Luxury Customer Value Model (I)

In reviewing both of the unstandardised as well as standardised maximum likelihood parameter estimates (Table 5.22), all the parameter estimates are statistically significant and substantively meaningful.

Table 5.22 Selected Amos Text Output for Luxury Customer Value (I) – Maximum Likelihood Estimates

| Regression Weights |      |                  | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|------------------|-------------------------|-------|--------|-------|-----------------------|
| Functional value   | <--- | Luxury value     | 1.000                   |       |        |       | 0.977                 |
| Emotional value    | <--- | Luxury value     | 0.903                   | 0.085 | 10.575 | 0.000 | 0.792                 |
| Social value       | <--- | Luxury value     | 1.444                   | 0.131 | 11.025 | 0.000 | 0.800                 |
| Symbolic value     | <--- | Luxury value     | 1.347                   | 0.133 | 10.150 | 0.000 | 0.739                 |
| Value4             | <--- | Functional value | 1.000                   |       |        |       | 0.588                 |
| Value3             | <--- | Functional value | 1.610                   | 0.134 | 11.997 | 0.000 | 0.738                 |
| Value2             | <--- | Functional value | 0.918                   | 0.092 | 9.957  | 0.000 | 0.561                 |
| Value1             | <--- | Functional value | 1.097                   | 0.107 | 10.242 | 0.000 | 0.583                 |
| Value7             | <--- | Emotional value  | 1.165                   | 0.071 | 16.512 | 0.000 | 0.757                 |
| Value6             | <--- | Emotional value  | 1.179                   | 0.066 | 17.969 | 0.000 | 0.836                 |
| Value5             | <--- | Emotional value  | 1.000                   |       |        | 0.000 | 0.778                 |
| Value11            | <--- | Social value     | 1.123                   | 0.050 | 22.543 | 0.000 | 0.874                 |
| Value10            | <--- | Social value     | 1.075                   | 0.048 | 22.576 | 0.000 | 0.870                 |
| Value9             | <--- | Social value     | 1.174                   | 0.049 | 23.841 | 0.000 | 0.900                 |
| Value8             | <--- | Social value     | 1.000                   |       |        | 0.000 | 0.814                 |
| Value14            | <--- | Symbolic value   | 0.972                   | 0.065 | 15.025 | 0.000 | 0.716                 |
| Value13            | <--- | Symbolic value   | 1.088                   | 0.066 | 16.518 | 0.000 | 0.808                 |
| Value12            | <--- | Symbolic value   | 1.000                   |       |        |       | 0.778                 |

**Note:** CR=Construct Reliability, SE=Standard Error.

The next task is to identify any areas of poor fitting in the model. Review of the MI reveals some evidence of poor fitting. Table 5.23 reviews the parameters in the covariance section; the largest MIs are found to be 22.640 (res16<->res17), 41.685 (res18<->res19) and 15.931 (res17<->res18). Since MIs related to the residuals do not have substantive meaning, they are uninterpretable.

Table 5.23 Amos Text Output for Full Measurement of Luxury Customer Value (I) – Modification Indices and Parameter Change Statistics

| Covariances:                     |      |        | M.I.    | Par Change |
|----------------------------------|------|--------|---------|------------|
| res 18                           | <->  | res 19 | 41.685  | 0.295      |
| res 17                           | <->  | res 18 | 15.931  | -0.106     |
| res 16                           | <->  | res 17 | 22.640  | 0.074      |
| err3                             | <->  | err4   | 110.612 | 0.528      |
| Variances<br>Regression Weights: |      |        | M.I.    | Par Change |
| Value5                           | <--- | Value4 | 42.542  | 0.175      |
| Value1                           | <--- | Value2 | 70.895  | 0.369      |
| Value2                           | <--- | Value1 | 67.698  | 0.277      |
| Value4                           | <--- | Value5 | 48.417  | 0.314      |

**Note:** MI=Modification Indices.

Turning to the regression weights section, the highest MI value is 110.612 and is the measurement between Item1 and Item2 (err3<->err4). This clear misspecification means that there is a big overlap between Item1 and Item2 within the functional value construct. Model (II) represents a re-estimate with ‘functional value’ specified as a free parameter in response to this.

#### 5.6.6.2 Re-specified Full Measurement Model of Luxury Customer Value Model (II)

The results of the re-specified full measurement model for luxury customer value model (see below, Figure 5.17) indicates that the observed  $\chi^2$  for this model is 147.215 ( $\chi^2/df=4.600$ ) which is less than the recommended value of 5.0 (Hair *et al.*, 2010). The goodness-of-fit indices of GFI=0.944, AGFI=0.904, CFI=0.962, IFI=0.962 and TLI=0.947 are apparently greater than the Hair *et al.* (2010) guideline of 0.9 for a model (see Table 5.24). In contrast, the value of RMSEA is 0.085 and slightly bigger than the recommended level of 0.08 by Hair *et al.* (2010). Overall, the outcomes of the re-specified model reflect a good model fit.

Figure 5.17 Second-Order CFA Testing for Luxury Customer Value Model (II)

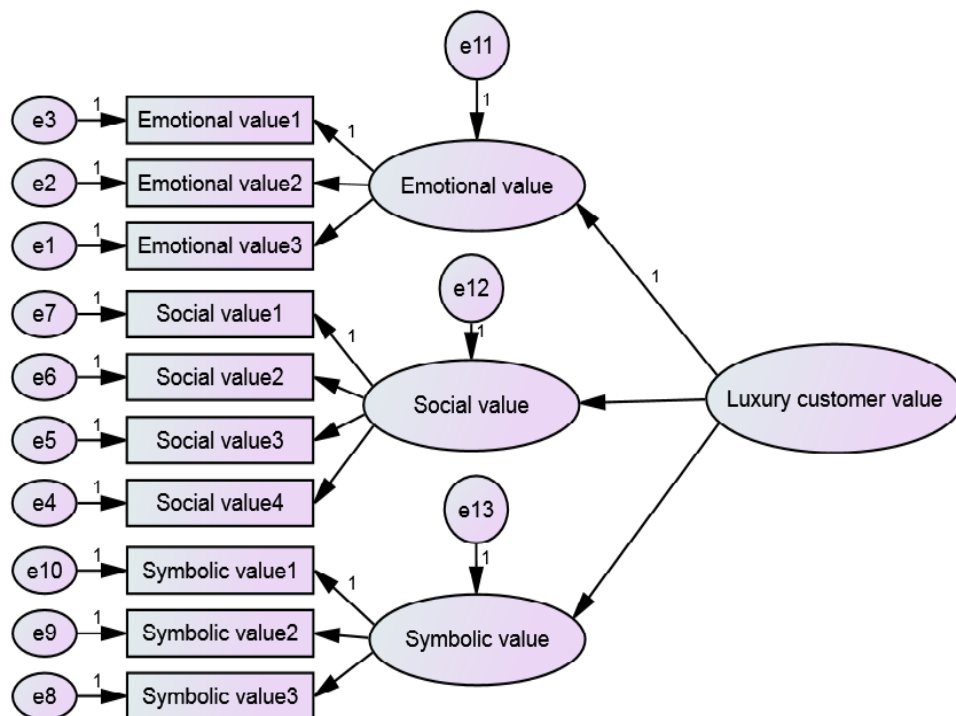


Table 5.24 Iterations to Luxury Customer Value Model to Improve Measure of Fit

| Iteration | Deleted Scale    | $\chi^2$ | $\chi^2/\text{df}$ | GFI   | AGFI  | CFI   | IFI   | TLI   | RMSEA |
|-----------|------------------|----------|--------------------|-------|-------|-------|-------|-------|-------|
| Model I   |                  | 574.096  | 7.864              | 0.844 | 0.776 | 0.879 | 0.879 | 0.849 | 0.118 |
| Model II  | Functional value | 147.215  | 4.600              | 0.944 | 0.904 | 0.962 | 0.962 | 0.947 | 0.085 |

In reviewing both the unstandardised as well as the standardised maximum likelihood parameter estimates (Table 5.25), all the parameter estimates now are statistically significant and substantively meaningful.

Table 5.25 Selected Amos Text Output for Luxury Customer Value (II) –Maximum Likelihood Estimates

| Regression Weights |      |                 | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|--------------------|------|-----------------|-------------------------|-------|--------|-------|-----------------------|
| Symbolic value     | <--- | Luxury value    | 2.105                   | 0.215 | 9.789  | 0.000 | 0.831                 |
| Emotional value    | <--- | Luxury value    | 1.000                   |       |        |       | 0.643                 |
| Social value       | <--- | Luxury value    | 2.183                   | 0.227 | 9.627  | 0.000 | 0.872                 |
| EV3                | <--- | Emotional value | 1.194                   | 0.075 | 15.953 | 0.000 | 0.760                 |
| EV2                | <--- | Emotional value | 1.224                   | 0.072 | 17.000 | 0.000 | 0.849                 |
| EV1                | <--- | Emotional value | 1.000                   |       |        |       | 0.761                 |
| SV4                | <--- | Social value    | 1.124                   | 0.049 | 23.107 | 0.000 | 0.877                 |
| SV3                | <--- | Social value    | 1.071                   | 0.047 | 22.978 | 0.000 | 0.873                 |
| SV2                | <--- | Social value    | 1.155                   | 0.048 | 23.908 | 0.000 | 0.898                 |
| SV1                | <--- | Social value    | 1.000                   |       |        |       | 0.810                 |
| SyV3               | <--- | Symbolic value  | 0.975                   | 0.064 | 15.163 | 0.000 | 0.716                 |
| SyV2               | <--- | Symbolic value  | 1.097                   | 0.065 | 16.856 | 0.000 | 0.812                 |
| SyV1               | <--- | Symbolic value  | 1.000                   |       |        |       | 0.776                 |

**Note:** CR=Construct Reliability, SE=Standard Error.

The MIs reveal that all the parameter estimates are statistically significant and there are no outstandingly high values, still suggesting that there is a poor level of fit. Therefore, it indicates that the full measurement model (II) for testing luxury customer value (Figure 5.17) represents the best fit to the data and provides good evidence of unidimensionality for the scales of luxury customer value.

### 5.6.7 Results of Single Construct Measurement Model for Antecedents of Brand Commitment and Consequences of Brand Commitment

Table 5.26 summarises the indices of fit for all of the constructs which can be tested with the single construct measurement model that potentially will be included in the SEM to be estimated. The  $\chi^2/\text{df}$  ratios of the constructs (e.g. brand image) exceed the recommended level of 5.0, although recognition is given that some of statistics can be sensitive in modelling situations that involve large data samples. For example, where the sample size is

greater than 200 they are vulnerable to an over-estimation of significant differences (Hair *et al.*, 2010). In this study, the sample size of 494 indicates that the results could have a reasonable chance of this occurring and points to the need to apply alternative measures of absolute. GFI and AGFI appear to have become more popular tests of unidimensionality (Hair *et al.*, 2010). Overviewing the GFI and AGFI values of those six constructs, four have shown strong evidence of unidimensionality except for that of brand image and brand commitment, which are slightly lower than the recommended level of 0.9 by Hair *et al.* (2010).

Table 5.26 Results of Single Construct Measurement Model for Antecedents/Consequences of Brand Commitment

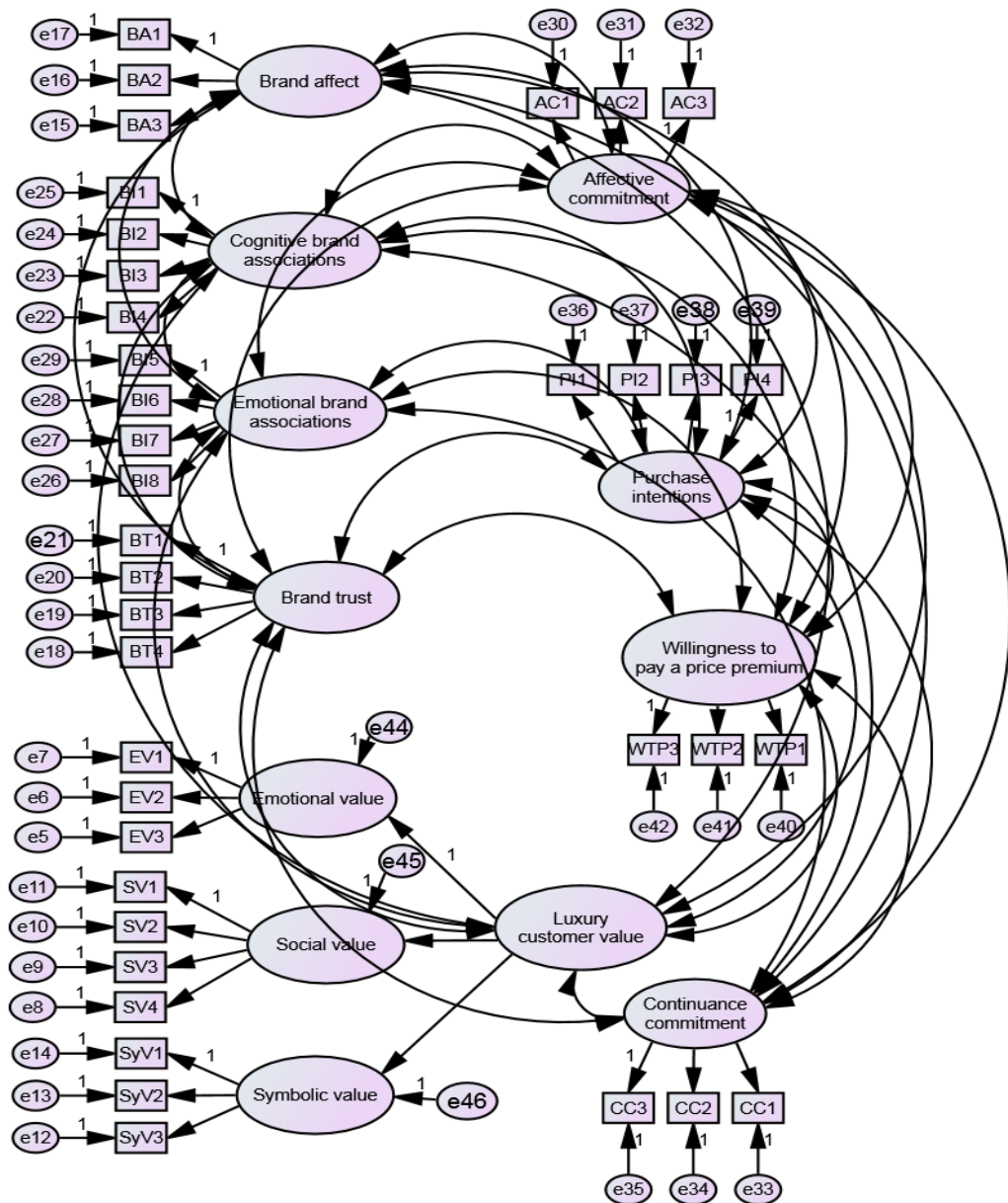
| Variables                          | $\chi^2$ | DF | $\chi^2/df$ | GFI   | AGFI  | CFI   | IFI   | TLI   | RMSEA |
|------------------------------------|----------|----|-------------|-------|-------|-------|-------|-------|-------|
| Brand affect                       | -        | -  | -           | -     | -     | -     | -     | -     | -     |
| Brand image                        | 159.888  | 19 | 8.415       | 0.936 | 0.878 | 0.897 | 0.897 | 0.848 | 0.123 |
| Brand trust                        | 2.426    | 2  | 1.213       | 0.998 | 0.988 | 0.999 | 0.999 | 0.998 | 0.021 |
| Luxury customer value              | 147.215  | 32 | 4.600       | 0.944 | 0.904 | 0.962 | 0.962 | 0.947 | 0.085 |
| Brand commitment                   | 83.072   | 8  | 10.384      | 0.948 | 0.863 | 0.965 | 0.965 | 0.963 | 0.138 |
| Purchase intentions                | 1.951    | 1  | 1.951       | 0.998 | 0.980 | 0.999 | 0.999 | 0.994 | 0.044 |
| Willingness to pay a price premium | -        | -  | -           | -     | -     | -     | -     | -     | -     |

**Note:** Constructs of brand affect and willingness to pay a price premium are only three indicators which are unable to be subjected to single construct measurement model testing as the measurement is under-identified. Therefore, they are tested at the second stage of the unidimensionality analysis.

## 5.7 Step Three: Testing Reliability and Validity for the Full Measurement Model

The total of 494 observed in the sample was used for full model measurement, completing reliability and validity analysis. All scales were treated as latent variable and the correlations between them were estimated using a latent measurement model (see below, Figure 5.18). The primary advantage of estimating correlation in this manner is that the result provides an estimate of what the correlation would be in the absence of measurement error (Kim & Kim, 2010). The present study measured brand commitment scales with its antecedent and its consequence scales and a measurement of construct direction that seeks to provide evidence consistent with its construct validity.

Figure 5.18 Full Measurement Model



The full measurement model yields a  $\chi^2$  value of 1674.391 and has a  $\chi^2/\text{df}=3.017$  which is well within the recommended level between 2.0 to 5.0 by Hair *et al.* (2010). The goodness-of-fit indices, GFI=0.840; AGFI=0.809; CFI=0.904; IFI=0.908 and TLI=0.895 are either close to or greater than the threshold level of 0.90 recommended by Hair *et al.* (2010). The value of RMSEA is 0.064 and below the suggested level of 0.08 (Hair *et al.*, 2010). Overall, the current model has some room for improvement. In reviewing both unstandardised and standardised maximum likelihood parameter estimates (below, Table 5.27), all the parameter estimates are found to be statistically significant and substantively meaningful.

Table 5.27 Selected Amos Text Output for Full Model – Maximum Likelihood Estimates

| Regression Weight |      |                 | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|-------------------|------|-----------------|-------------------------|-------|--------|-------|-----------------------|
| Emotional value   | <--- | Luxury value    | 1.000                   |       |        |       | 0.701                 |
| Social value      | <--- | Luxury value    | 1.850                   | 0.155 | 11.960 | 0.000 | 0.808                 |
| Symbolic value    | <--- | Luxury value    | 2.269                   | 0.178 | 12.756 | 0.000 | 0.889                 |
| EV3               | <--- | Emotional value | 1.180                   | 0.073 | 16.227 | 0.000 | 0.757                 |
| EV2               | <--- | Emotional value | 1.207                   | 0.069 | 17.607 | 0.000 | 0.845                 |
| EV1               | <--- | Emotional value | 1.000                   |       |        |       | 0.768                 |
| SV4               | <--- | Social value    | 1.121                   | 0.048 | 23.450 | 0.000 | 0.879                 |
| SV3               | <--- | Social value    | 1.064                   | 0.046 | 23.163 | 0.000 | 0.871                 |
| SV2               | <--- | Social value    | 1.145                   | 0.048 | 24.095 | 0.000 | 0.895                 |
| SV1               | <--- | Social value    | 1.000                   |       |        |       | 0.814                 |
| SyV3              | <--- | Symbolic value  | 0.795                   | 0.053 | 15.127 | 0.000 | 0.646                 |
| SyV2              | <--- | Symbolic value  | 0.896                   | 0.050 | 17.800 | 0.000 | 0.734                 |
| SyV1              | <--- | Symbolic value  | 1.000                   |       |        |       | 0.859                 |
| BA3               | <--- | Brand affect    | 1.047                   | 0.058 | 18.009 | 0.000 | 0.752                 |
| BA2               | <--- | Brand affect    | 0.955                   | 0.046 | 20.929 | 0.000 | 0.871                 |
| BA1               | <--- | Brand affect    | 1.000                   |       |        |       | 0.830                 |
| BT4               | <--- | Brand trust     | 1.356                   | 0.078 | 17.432 | 0.000 | 0.794                 |
| BT3               | <--- | Brand trust     | 1.140                   | 0.061 | 18.638 | 0.000 | 0.853                 |
| BT2               | <--- | Brand trust     | 1.005                   | 0.078 | 12.946 | 0.000 | 0.601                 |
| BT1               | <--- | Brand trust     | 1.000                   |       |        |       | 0.757                 |
| BI2               | <--- | CBA             | 1.000                   |       |        |       | 0.646                 |
| BI3               | <--- | CBA             | 1.008                   | 0.072 | 14.049 | 0.000 | 0.820                 |
| BI4               | <--- | CBA             | 1.068                   | 0.077 | 13.879 | 0.000 | 0.799                 |
| BI6               | <--- | EBA             | 1.311                   | 0.079 | 16.499 | 0.000 | 0.823                 |
| BI7               | <--- | EBA             | 0.946                   | 0.068 | 13.841 | 0.000 | 0.677                 |
| BI8               | <--- | EBA             | 1.000                   |       |        |       | 0.691                 |
| AC1               | <--- | AC              | 1.094                   | 0.054 | 20.103 | 0.000 | 0.827                 |
| AC2               | <--- | AC              | 1.240                   | 0.054 | 23.003 | 0.000 | 0.931                 |
| AC3               | <--- | AC              | 1.000                   |       |        |       | 0.781                 |
| CC1               | <--- | CC              | 0.793                   | 0.041 | 19.363 | 0.000 | 0.736                 |
| CC2               | <--- | CC              | 1.037                   | 0.038 | 27.491 | 0.000 | 0.919                 |
| CC3               | <--- | CC              | 1.000                   |       |        |       | 0.868                 |
| PI1               | <--- | PI              | 0.800                   | 0.049 | 16.370 | 0.000 | 0.747                 |
| PI2               | <--- | PI              | 0.872                   | 0.049 | 17.782 | 0.000 | 0.809                 |
| PI3               | <--- | PI              | 0.944                   | 0.054 | 17.542 | 0.000 | 0.798                 |
| PI4               | <--- | PI              | 1.000                   |       |        |       | 0.764                 |
| WTP1              | <--- | WTP             | 0.788                   | 0.034 | 22.971 | 0.000 | 0.791                 |
| WTP2              | <--- | WTP             | 0.905                   | 0.034 | 26.494 | 0.000 | 0.859                 |
| WTP3              | <--- | WTP             | 1.000                   |       |        |       | 0.933                 |

**Note:** CBA=Cognitive Brand Associations, EBA=Emotional Brand Association; AC=Affective Commitment; CC=Continuance Commitment; PI=Purchase Intention, WTP=Willingness To Pay, CR=Construct Reliability, SE=Standard Error.

### 5.7.1 Reliability Analysis for the Measurement Model

On a more practical level, it is difficult to standardise the measurement scales and hard to understand whether they accurately measure what they intend to measure without testing the reliability and validity (Kline, 2011).



Construct Reliability (CR) is “a measure of the degree to which a set of indicators of a latent construct is internally consistent based on how highly interrelated the indicators are with each other” (Hair *et al.*, 2010, p. 636). Gerbing and Anderson (1988) have proposed using composite reliability to measure each construct with errors in the measurement model. That is, to measure the internal consistency of the construct indicators, describing the degree to which they indicate the common latent (unobserved) construct. High construct reliability indicates that internal consistency exists, meaning that the measures in the estimating all consistency represent the same latent construct (Hair *et al.*, 2010). The rule of thumb for either reliability estimate is 0.7 or higher advises good reliability (Hair *et al.*, 2010). Reliability values between 0.6 and 0.7 may be acceptable provided that other indicators of a model’s construct validity are good. The composite reliability of a construct is calculated as:

$$\text{Construct Reliability} = \frac{(\text{Sum of standardised loading})^2}{(\text{Sum of standardised loading})^2 + \text{Sum of measurement error}}$$

An alternative measurement of reliability is the average variance extracted (AVE) (Hair *et al.*, 2010). This is calculated as the mean variance extracted for the item’s loading on a construct and is a summary indicator of convergence (Hair *et al.*, 2010). AVE ranges from 0 to 1, and Hair *et al.* (2010) suggested that adequately convergent valid measures should contain less than 50% error variance (AVE should be 0.5 or above). Higher AVE values are assumed to occur when the indicators demonstrate greater representativeness of the associated latent construct. The variance extracted measure is seen as a complementary measure to the construct reliability value (Hair *et al.*, 2010). To explain AVE, the variance of a measure can be expressed as:

$$\text{AVE} = \frac{\text{Sum of squared standardised loadings}}{\text{Sum of squared standardised loadings} + \text{Sum of indicator measurement error}}$$

Table 5.28 shows the outcomes for both CR and AVE. In terms of reliability, all the constructs are located in the range between 0.776 and 0.897, greater than the guideline of 0.7 (Hair *et al.*, 2010). In turn, all the constructs of AVE exceed the threshold value of 0.50 (Hair *et al.*, 2010).

Table 5.28 Scale Items, Factor Loadings and Reliability Measures for Each Construct

| Latent constructs                   | Scale items   | Factor loading | CR    | AVE   |
|-------------------------------------|---|----------------|-------|-------|
| <b>Brand Affect</b>                 | This luxury brand makes me happy. (BA1)   | 0.830          | 0.859 | 0.671 |
|                                     | I feel good when I use this luxury brand. (BA2)   | 0.871          |       |       |
|                                     | This luxury brand gives me pleasure. (BA3)  | 0.752          |       |       |
| <b>Cognitive Brand Associations</b> | This luxury brand is durable. (BI2)   | 0.646          | 0.801 | 0.576 |
|                                     | This luxury brand has technical sophistication. (BI3)   | 0.820          |       |       |
|                                     | This luxury brand performs as expected. (BI4)   | 0.799          |       |       |
| <b>Emotional Brand Associations</b> | This luxury brand increases the respectability of me. (BI6)   | 0.823          | 0.776 | 0.538 |
|                                     | This luxury brand is admired by my friends and relatives. (BI7)   | 0.677          |       |       |
|                                     | This luxury brand expresses my personality. (BI8)   | 0.691          |       |       |
| <b>Brand Trust</b>                  | I trust this luxury brand. (BT1)  | 0.757          | 0.841 | 0.573 |
|                                     | I rely on this luxury brand. (BT2)  | 0.601          |       |       |
|                                     | This luxury brand is an honest brand. (BT3)   | 0.853          |       |       |
|                                     | I feel that I can trust this luxury brand completely. (BT4)   | 0.794          |       |       |
| <b>Luxury Brand Value</b>           |   |                | 0.844 | 0.645 |
| <b>Emotional Value</b>              | This luxury brand makes me feel good. (EV1)   | 0.768          |       |       |
|                                     | Using this luxury brand is enjoyable. (EV2)   | 0.845          |       |       |
|                                     | This luxury brand makes me want to use it. (EV3)  | 0.757          |       |       |
| <b>Social Value</b>                 | This luxury brand helps me to feel accepted. (SV1)  | 0.814          |       |       |
|                                     | This luxury brand improves the way I am perceived. (SV2)  | 0.895          |       |       |
|                                     | This luxury brand makes a good impression on other people. (SV3)  | 0.871          |       |       |
|                                     | This luxury brand gives its owner social approval. (SV4)  | 0.879          |       |       |
| <b>Symbolic Value</b>               | This luxury brand's product is conspicuous. (SyV1)  | 0.859          |       |       |
|                                     | This luxury brand's product is expensive. (SyV2)  | 0.734          |       |       |
|                                     | This luxury brand's product is for the wealthy. (SyV3)  | 0.646          |       |       |
| <b>Affective Commitment</b>         | I feel emotionally attached to this luxury brand. (BC1)   | 0.827          | 0.885 | 0.720 |
|                                     | This luxury brand has a great deal of personal meaning for me. (BC2)  | 0.931          |       |       |
|                                     | I feel a strong sense of identification with this luxury brand. (BC3)   | 0.781          |       |       |
| <b>Continuance Commitment</b>       | It would be very hard for me to switch away from this luxury brand even if I wanted to. (BC4)   | 0.736          | 0.881 | 0.713 |
|                                     | My life would be disrupted if I switched away from this luxury brand. (BC5)   | 0.919          |       |       |
|                                     | It would be too costly for me to switch from this luxury brand to other luxury brands. (BC6)  | 0.868          |       |       |
| <b>Purchase Intentions</b>          | If I were going to purchase a luxury product within the next 12 months, I would consider buying this luxury brand. (PI1)                  | 0.747          | 0.861 | 0.608 |
|                                     | If I were shopping for a luxury brand within the next 12 months, the likelihood is that I would purchase this luxury brand is high. (PI2) | 0.809          |       |       |
|                                     | My willingness within the next 12 months to buy this luxury brand is high. (PI3)  | 0.798          |       |       |
|                                     | The probability that I would buy this luxury brand within the next 12 months is high. (PI4)   | 0.764          |       |       |
|                                     |   |                |       |       |

|   |  |       |       |       |
|---|--|-------|-------|-------|
| <b>Willingness to Pay a Price Premium</b> | The price of this luxury brand would have to increase significantly before I would switch to competitor brands. (WTP1) | 0.791 | 0.897 | 0.745 |
|   | I am willing to pay a higher price for this luxury brand compared with substitute brands. (WTP2)                       | 0.859 |       |       |
|   | I am willing to pay a lot more for this luxury brand than competitor brands. (WTP3)                                    | 0.933 |       |       |

**Note:** CR=Construct Reliability, AVE=Average Variance Extracted.

### 5.7.2 Validity Analysis for the Full Measurement Model

Validity is important because theoretical constructs are not observable and relationships among unobservable constructs are tested indirectly via observed variables (Hair *et al.*, 2010). Validity reflects how well a measure reveals its unobservable construct. However, different validity terms are used to prove various aspects of construct validity. A comprehensive list of validity types that are typically mentioned in texts and research works includes face, content, convergent and discriminant (Hair *et al.*, 2010).

**Face validity** – Face validity is the “extent to which the content of the items is consistent with the construct definition” (Hair *et al.*, 2010, p. 689). That is, through the evaluation of the definition of the measurements determining if it provides a good reflection of the construct. Face validity is in most occasions based on researchers’ subjective judgements throughout the research process (Hair *et al.*, 2010). In order to minimise the subjective evaluation of the measure, all the constructs adopted for this research are identified from the relevant marketing literature with face validity assessed during the pilot study. Therefore, it can be assumed that the overall instrument employed in this study has sufficient face validity.

**Content validity** – Content validity is “the assessment of the correspondence of the variables to be included in a summated scale and its conceptual definition” (Hair *et al.*, 2010, p. 125). However, there is a formal, rigorous way to assess content validity (Bharati & Chaudhury, 2004). Like face validity, the evidence used to assess content validity is subjective and logical rather than analysed (Kaplan & Sacuzzo, 2012). Like face validity, various components of the employed constructs in the present instrument have been developed through evaluation of various empirical literature, and they have been selected from a number of studies where a measurement instrument has been validated. The content validity of the instrument was also supported by a thorough expert review by both academia and practitioners in the field. Moreover, pre-testing was undertaken by mean of

the pilot study before launching the final version survey. Thus, it is considered that content validity can be assumed.

**Convergent validity** – Convergent validity assesses alternative approaches to measure the same concept through clearly different methods (Hair *et al.*, 2010). When there is high correlation between a measure and other measures that are believed to measure the same construct, appropriate evidence of convergent validity is assumed (Kaplan & Sacuzzo, 2012). The most common method of testing convergent validity is to assess each item with a practical scale representing a different approach in measuring the considered construct. Kline (2011) argued that convergent validity exists when item factor loadings are higher than 0.70 and item squared multiple correlations are greater than 0.50.

**Discriminant validity** – Discriminant validity measures the extent to which a construct is unique from other constructs being considered (Hair *et al.*, 2010). In other words, there should be only little in common with a different construct. High discriminant validity suggests construct uniqueness, and a latent construct should explain a greater proportion of variance within its item measures than it has in common with another construct in the assessment.

Furthermore, in this potential study, face validity can be accepted based on the justifications made above, that established scales have been adopted from previous studies where empirical assessment has taken place in this study. From a statistical perspective, nomological validity is used “to examine whether the correlations among the constructs in a measurement theory make sense” (Hair *et al.*, 2010, p. 710). Therefore, the matrix of construct correlations can be applied in this assessment. Nomological validity is accepted based on Table 5.28 relating to the correlations between the 11 defined constructs. All of the correlation among the constructs was presented positive. This is consistent with the various construct definitions and the correlations are statistically significant at the 1% level. For convergent validity, only five of the 36 items considered have a standardised loading that is less than 0.7, the loading value ranging from 0.601 to 0.933. From Table 5.29, it can be seen that there is strong evidence of convergent validity for each scale except for the two constructs: emotional brand associations and luxury customer value. In assessing discriminant validity, Hair *et al.* (2010) proposed that the AVE value should be greater than the Maximum Shared Squared Variance (MSV). In this study, luxury customer value

and emotional brand associations have been identified as having insignificant discriminant validity, given that their AVE is less than MSV, as highlighted below in Table 5.29.

Assessment of the standardised estimates in Table 5.29 points out a correlation value of 1.003 between luxury customer value and emotional brand associations which provides an indication of potential multicollinearity within the data. In short, multicollinearity exists when strong evidence demonstrates a clear overlap between two or more scales, and is linked to the situation where two measurement scales exhibit a very high level of correlation. By doing so, essentially they are meaning the same as the underlying construct (Byrne, 2010). Hair *et al.* (2010) proposed that a correlation between two scales of over 0.80, suggested multicollinearity and corrective action should probably be taken .

In this study, the concept of luxury customer value has been treated as a multidimensional construct. It is therefore necessary to estimate the correlation between the emotional brand association construct and several first-order luxury customer brands items, in this case emotional value, social value and symbolic value. In Table 5.30 below, a correlation matrix has provided evidence to demonstrate a high correlation between symbolic value and emotional brand association ( $r=0.946, p<0.001$ ). Furthermore, emotional brand association is also highly correlated with social value ( $r=0.743, p<0.001$ ). These findings are perhaps not too surprising as there appears to be some content overlap amongst the respective items measuring symbolic value and emotional brand association, as well as between social value and emotional brand association.

Emotional brand association represents one of the dimensions of brand image in this present study, and has been widely used as a brand's symbolic or expressive devices, and is evidenced in the previous consumer marketing literature. With reference to the brand image literature, Kotler (1998) recognised that brand image represents a consumer's mental association with the goods in question, such as those particularly including symbolic benefits. Bhat and Reddy (1998) used an item "People use this brand as a way of expressing their personality" to measure the symbolic construct of the luxury product (i.e. Rolex watch). Since research on luxury brands has become more popular, brand image has gained further recognition as a concept in the literature (Dall'Olmo Riley *et al.*, 2004; Nandan, 2005; Alimen & Cerit, 2010; Han *et al.*, 2010). Dall'Olmo Riley *et al.* (2004) identified that luxury brands focus on various recognisable symbolic dimensions of brand image, self-enhancement and ego-identification being potential examples. In addition,

Vigneron and Johnson (2004) and Wiedmann *et al.* (2007) stated that social value assesses the extent to which the individual consumes luxury products recognised within their own specific social groups (e.g. friends or relatives) which, in turn, significantly affects the evaluation of the brand and the corresponding propensity to purchase.

Given the above discussions within the established consumer marketing literature, the evidence correlation between the considerable sets of scales by the Chinese consumers is perhaps not included. In addition, it should be noted from the analysis presented that there is another high correlating coefficient – nearly 0.84 between affective commitment and continuance commitment. The solution within the SEM for the particular high correlation is discussed in detail in the next section of the research findings (section 5.8.3).

Given the situation that exists between emotional brand association and social value or symbolic value, and that the retention of all of these scales within an individual model is seen to be causing the problem, it is reasonable to remove one or more of the constructs from the original full measurement model, and by doing so generate a modified full measurement model, (I) and (II). Overall, convergent and discriminant validity are violated and as such the full measurement model presented can be rejected.

Table 5.29 Construct Reliability and Validity for Full Model (n=494)

|  | Factor Correlation Matrix |       |       |       |          |          |          |          |          |          |          |          |          |
|--|---------------------------|-------|-------|-------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|  | CR                        | AVE   | MSV   | ASV   | BA       | CBA      | EBA      | BT       | LBA      | AC       | CC       | PI       | WTP      |
| <b>Brand Affect (BA)</b>                 | 0.859                     | 0.671 | 0.346 | 0.217 | 0.819*** |          |          |          |          |          |          |          |          |
| <b>Cognitive Brand Association (CBA)</b> | 0.801                     | 0.576 | 0.453 | 0.214 | 0.587*** | 0.759*** |          |          |          |          |          |          |          |
| <b>Emotional Brand Association (EBA)</b> | 0.776                     | 0.538 | 1.006 | 0.393 | 0.588*** | 0.537*** | 0.733*** |          |          |          |          |          |          |
| <b>Brand Trust (BT)</b>                  | 0.841                     | 0.573 | 0.453 | 0.281 | 0.522*** | 0.673*** | 0.587*** | 0.757*** |          |          |          |          |          |
| <b>Luxury Brand Value (LBA)</b>          | 0.844                     | 0.645 | 1.006 | 0.426 | 0.582*** | 0.477*** | 1.003*** | 0.580*** | 0.803*** |          |          |          |          |
| <b>Affective Commitment (AC)</b>         | 0.885                     | 0.720 | 0.702 | 0.319 | 0.342*** | 0.276*** | 0.632*** | 0.380*** | 0.730*** | 0.848*** |          |          |          |
| <b>Continuance Commitment (CC)</b>       | 0.881                     | 0.713 | 0.702 | 0.257 | 0.181*** | 0.140*** | 0.535*** | 0.337*** | 0.654*** | 0.838*** | 0.845*** |          |          |
| <b>Purchase Intention (PI)</b>           | 0.861                     | 0.608 | 0.382 | 0.236 | 0.448*** | 0.418*** | 0.473*** | 0.618*** | 0.482*** | 0.510*** | 0.389*** | 0.780*** |          |
| <b>Willingness to Pay (WTP)</b>          | 0.897                     | 0.745 | 0.327 | 0.236 | 0.296*** | 0.364*** | 0.503*** | 0.445*** | 0.553*** | 0.572*** | 0.567*** | 0.516*** | 0.863*** |

**Note:** \*\*\* significant at  $p < 0.001$

CR=Construct Reliability, AVE=Average Variance Extracted, MSV=Maximum Shared Squared Variance, ASV=Average Shared Squared Variance.

Table 5.30 Correlations between Luxury Customer Value and Emotional Brand Association

|  | Factor Correlation Matrix |       |       |       |          |          |          |          |
|--|---------------------------|-------|-------|-------|----------|----------|----------|----------|
|  | CR                        | AVE   | MSV   | ASV   | EBA      | EV       | SV       | SyV      |
| <b>Emotional Brand Association (EBA)</b> | 0.775                     | 0.538 | 0.895 | 0.637 | 0.733*** |          |          |          |
| <b>Emotional Value (EV)</b>              | 0.833                     | 0.626 | 0.428 | 0.359 | 0.654*** | 0.791*** |          |          |
| <b>Social Value (SV)</b>                 | 0.922                     | 0.748 | 0.588 | 0.485 | 0.743*** | 0.561*** | 0.865*** |          |
| <b>Symbolic Value (SyV)</b>              | 0.795                     | 0.566 | 0.895 | 0.594 | 0.946*** | 0.578*** | 0.743*** | 0.752*** |

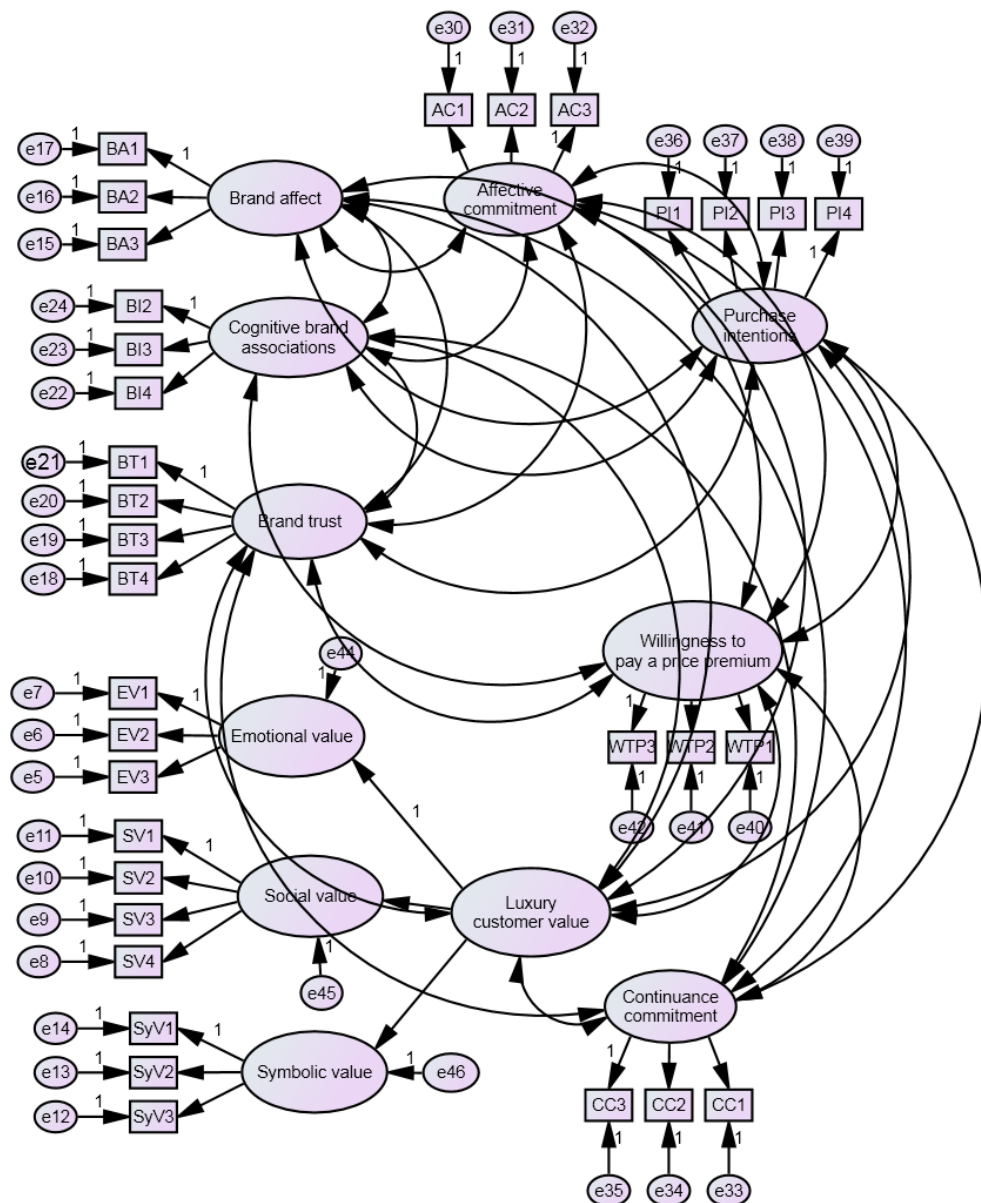
**Note:** \*\*\* significant at  $p < 0.001$

CR=Construct Reliability, AVE=Average Variance Extracted, MSV=Maximum Shared Squared Variance, ASV=Average Shared Squared Variance.

### 5.7.3 The Re-specified Full Measurement Model (I)

The scale of emotional brand association has now been removed from the model (see below Figure 5.19).

Figure 5.19 Re-specified Full Measurement Model (I)



The re-specified measurement model (I) presented in Figure 5.19 yields  $\chi^2$  value of 1219.548,  $\chi^2/df=2.663$ , the latter being a value well below the recommended level of 5.0 (Hair *et al.*, 2010). For the goodness-of-fit indices, the values GFI=0.868, AGFI=0.839, CFI=0.931, IFI=0.932 and TLI=0.921 are around the threshold level of 0.90 recommended by Hair *et al.* (2010). The badness-of-fit index RMSEA is 0.058 and found to be within the



recommended level of 0.05 to 0.08 (Hair *et al.*, 2010). The model has improved significantly – details presented in Table 5.37 (see section 5.7.5). However, it is perhaps less surprising that the values of GFI and AGFI are relatively lower than the 0.9 level; Hair *et al.* (2010) has suggested that both GFI and AGFI decline in value as model complexity increases. In this study, luxury customer value contains three first-order factors, and these three factors comprise 10 items. With such a high number of observed variables, using GFI and AGFI to assess unidimensionality may be inappropriate. Other indices of fit such as CFI and RMSEA could be involved in order to assess the unidimensionality for the current model (Hair *et al.*, 2010).

For iteration I, construct reliability can be assumed (see below, Table 5.31), with corresponding reliability coefficients ranging from 0.776 to 0.897. Face validity can be assumed, based on the correlations between the model constructs. For convergent validity, the loadings provide ranging from 0.532 to 0.933. Although there are five items that had standardised loading (highlighted in Table 5.31) below the recommended level of 0.7 by Hair *et al.* (2010), a loading of 0.5 can still be considered practically significant.

Table 5.31 Scale Items, Factor Loadings and Reliability Measures for Model (I)

| Latent constructs                  | Scale items  | Factor loading | CR    | AVE   |
|------------------------------------|--|----------------|-------|-------|
| <b>Brand Affect</b>                | This luxury brand makes me happy. (BA1)                          | 0.831          | 0.859 | 0.672 |
|                                    | I feel good when I use this luxury brand. (BA2)                  | 0.871          |       |       |
|                                    | This luxury brand gives me pleasure. (BA3)                       | 0.752          |       |       |
| <b>Brand Trust</b>                 | I trust this luxury brand. (BT1)                                 | 0.748          | 0.840 | 0.572 |
|                                    | I rely on this luxury brand. (BT2)                               | 0.597          |       |       |
|                                    | This luxury brand is an honest brand. (BT3)                      | 0.854          |       |       |
|                                    | I feel that I can trust this luxury brand completely. (BT4)      | 0.793          |       |       |
| <b>Cognitive brand Association</b> | This luxury brand is durable. (BI2)                              | 0.532          | 0.776 | 0.531 |
|                                    | This luxury brand has technical sophistication. (BI3)            | 0.747          |       |       |
|                                    | This luxury brand performs as expected. (BI4)                    | 0.868          |       |       |
| <b>Luxury Customer Value</b>       |  |                | 0.838 | 0.633 |
| <b>Emotional Value</b>             | This luxury brand makes me feel good. (EV1)                      | 0.767          |       |       |
|                                    | Using this luxury brand is enjoyable. (EV2)                      | 0.841          |       |       |
|                                    | This luxury brand makes me want to use it. (EV3)                 | 0.763          |       |       |
| <b>Social Value</b>                | This luxury brand helps me to feel accepted. (SV1)               | 0.844          |       |       |
|                                    | This luxury brand improves the way I am perceived. (SV2)         | 0.888          |       |       |
|                                    | This luxury brand makes a good impression on other people. (SV3) | 0.895          |       |       |
|                                    | This luxury brand gives its owner social approval. (SV4)         | 0.864          |       |       |
| <b>Symbolic Value</b>              | This luxury brand's product is conspicuous. (SyV1)               | 0.896          |       |       |
|                                    | This luxury brand's product is expensive. (SyV2)                 | 0.671          |       |       |
|                                    | This luxury brand's product is for the wealthy. (SyV3)           | 0.568          |       |       |

|   |   |       |       |       |
|---|---|-------|-------|-------|
| <b>Affective Commitment</b>               | I feel emotionally attached to this luxury brand. (BC1)   | 0.847 | 0.894 | 0.737 |
|   | This luxury brand has a great deal of personal meaning for me. (BC2)  | 0.907 |       |       |
|   | I feel a strong sense of identification with this luxury brand. (BC3)   | 0.820 |       |       |
| <b>Continuance Commitment</b>             | It would be very hard for me to switch away from this luxury brand even if I wanted to. (BC4)   | 0.785 | 0.892 | 0.735 |
|   | My life would be disrupted if I switched away from this luxury brand. (BC5)   | 0.890 |       |       |
|   | It would be too costly for me to switch from this luxury brand to other luxury brands. (BC6)  | 0.892 |       |       |
| <b>Purchase Intention</b>                 | If I were going to purchase a luxury product within the next 12 months, I would consider buying this luxury brand. (PI1)                  | 0.674 | 0.848 | 0.584 |
|   | If I were shopping for a luxury brand within the next 12 months, the likelihood is that I would purchase this luxury brand is high. (PI2) | 0.748 |       |       |
|   | My willingness within the next 12 months to buy this luxury brand is high. (PI3)  | 0.826 |       |       |
|   | The probability that I would buy this luxury brand within the next 12 months is high. (PI4)   | 0.799 |       |       |
|   |   |       |       |       |
| <b>Willingness to Pay a Price Premium</b> | The price of this luxury brand would have to increase significantly before I would switch to competitor brands. (WTP1)                    | 0.791 | 0.897 | 0.745 |
|   | I am willing to pay a higher price for this luxury brand compared with substitute brands. (WTP2)  | 0.859 |       |       |
|   | I am willing to pay a lot more for this luxury brand than competitor brands. (WTP3)   | 0.933 |       |       |

**Note:** CR=Construct Reliability, AVE=Average Variance Extracted.

The AVE estimates for all the constructs exceed the threshold value of 0.5 in Table 5.32 below. This demonstrates that all of the considered constructs and the corresponding items in the measurement model (I) are internally consistent and have an acceptable level of reliability.

Table 5.32 Construct Reliability and Validity for Full Model (I) – (n=494)

|  | CR    | AVE   | MSV   | ASV   | Factor Correlation Matrix |          |          |          |          |          |          |          |
|--|-------|-------|-------|-------|---------------------------|----------|----------|----------|----------|----------|----------|----------|
|  |       |       |       |       | BA                        | BT       | CBA      | LCV      | AC       | CC       | PI       | WTP      |
| <b>Brand Affect (BA)</b>                 | 0.859 | 0.671 | 0.521 | 0.182 | 0.819***                  |          |          |          |          |          |          |          |
| <b>Brand Trust (BT)</b>                  | 0.841 | 0.573 | 0.383 | 0.249 | 0.522***                  | 0.757*** |          |          |          |          |          |          |
| <b>Cognitive Brand Association (CBA)</b> | 0.766 | 0.531 | 0.461 | 0.218 | 0.604***                  | 0.679*** | 0.729*** |          |          |          |          |          |
| <b>Luxury Customer Value (LCV)</b>       | 0.831 | 0.621 | 0.569 | 0.397 | 0.645***                  | 0.616*** | 0.524*** | 0.788*** |          |          |          |          |
| <b>Affective Commitment (AC)</b>         | 0.885 | 0.720 | 0.702 | 0.354 | 0.353***                  | 0.382*** | 0.269*** | 0.781*** | 0.859*** |          |          |          |
| <b>Continuance Commitment (CC)</b>       | 0.881 | 0.713 | 0.702 | 0.294 | 0.203***                  | 0.339*** | 0.153*** | 0.660*** | 0.827*** | 0.857*** |          |          |
| <b>Purchase Intentions (PI)</b>          | 0.861 | 0.608 | 0.383 | 0.258 | 0.441***                  | 0.619*** | 0.415*** | 0.553*** | 0.526*** | 0.447*** | 0.764*** |          |
| <b>Willingness to Pay (WTP)</b>          | 0.897 | 0.745 | 0.328 | 0.254 | 0.296***                  | 0.444*** | 0.395*** | 0.569*** | 0.573*** | 0.593*** | 0.535*** | 0.863*** |

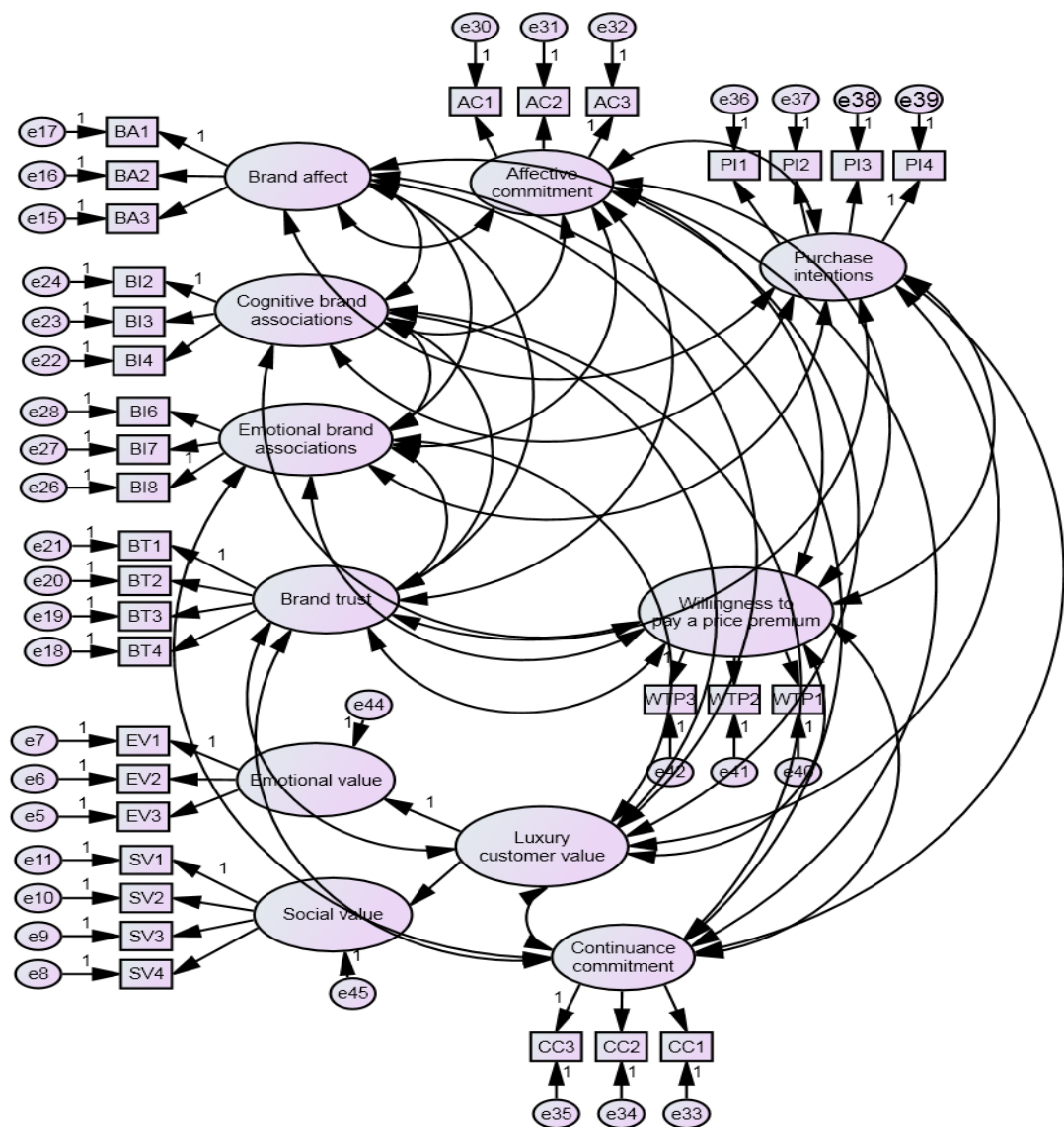
Note: \*\*\* significant at  $p < 0.001$

CR=Construct Reliability, AVE=Average Variance Extracted, MSV=Maximum Shared Squared Variance, ASV=Average Shared Squared Variance.

### 5.7.4 The Re-specified Full Measurement Model (II)

As the researcher mentioned earlier at the end of section 5.7.2, symbolic value highly correlates with the emotional brand association construct. It will cause multicollinearity which has a distinct impact on the signs of the estimated coefficient (Hair *et al.*, 2010). Therefore, the scale of symbolic value is removed from the full measurement model (I), as indicated below in Figure 5.20.

Figure 5.20 Re-specified Full Measurement Model (II)



The re-specified full measurement model (II) has a  $\chi^2$  value of 1197.828, and a  $\chi^2/df=2.650$ , the latter again well within the guideline of between 2.0 and 5.0 (Hair *et al.*, 2010). In terms of several of the goodness-of-fit indicators, GFI has improved from 0.868 to 0.873,

AGFI has decreased from 0.839 to 0.824, CFI increased from 0.931 to 0.932 and IFI has improved from 0.932 to 0.933. The measurement TFI and RMSEA maintain the same value of 0.921 and 0.058 respectively. In short, the re-specified model (II) has improved slightly based on the deletion made.

For iteration II, construct reliability can again be assumed; Table 5.33 shows the outcomes for both CR and AVE. The outcomes of construct reliability reflect that the items' reliability coefficient range is from 0.724 to 0.897, the loadings greater than the recommended standard of 0.7 by Hair *et al.* (2010). Furthermore, the AVE estimates indicate that all of the constructs exceed the threshold value of 0.50 (Hair *et al.*, 2010).

In the assessment of convergent validity, the range of the standardised loading for the items is from 0.535 to 0.933, presented in Table 5.33,. Four items had a lower standardised loading less than the guideline of 0.7 (Hair *et al.*, 2010). From below in Table 5.33 it can be seen that there is an acceptable level of convergent validity for all of the indicators. For discriminant validity, the construct of emotional brand association and luxury customer value seems to violate this research as their given AVE is less than MSV (see highlighted in Table 5.34 below). Since convergent and discriminate validity are again violated, model (II) can therefore be rejected.

Table 5.33 Scale Items, Factor Loadings and Reliability Measures for Re-specified Model (II)

| Latent constructs                  | Scale items   | Factor loading | CR    | AVE   |
|------------------------------------|---|----------------|-------|-------|
| <b>Brand Affect</b>                | This luxury brand makes me happy. (BA1)                         | 0.829          | 0.859 | 0.672 |
|                                    | I feel good when I use this luxury brand. (BA2)                 | 0.872          |       |       |
|                                    | This luxury brand gives me pleasure. (BA3)                      | 0.753          |       |       |
| <b>Brand Trust</b>                 | I trust this luxury brand. (BT1)                                | 0.758          | 0.840 | 0.572 |
|                                    | I rely on this luxury brand. (BT2)                              | 0.597          |       |       |
|                                    | This luxury brand is an honest brand. (BT3)                     | 0.852          |       |       |
|                                    | I feel that I can trust this luxury brand completely. (BT4)     | 0.795          |       |       |
| <b>Cognitive Brand Association</b> | This luxury brand is durable. (BI2)                             | 0.535          | 0.767 | 0.532 |
|                                    | This luxury brand has technical sophistication. (BI3)           | 0.746          |       |       |
|                                    | This luxury brand performs as expected. (BI4)                   | 0.868          |       |       |
| <b>Emotional Brand Association</b> | This luxury brand increases the respectability of me. (BI6)     | 0.796          | 0.777 | 0.538 |
|                                    | This luxury brand is admired by my friends and relatives. (BI7) | 0.696          |       |       |
|                                    | This luxury brand expresses my personality. (BI8)               | 0.705          |       |       |
| <b>Luxury Customer Value</b>       |   |                | 0.724 | 0.567 |
| <b>Emotional Value</b>             | This luxury brand makes me feel good. (EV1)                     | 0.778          |       |       |

|   |   |       |       |       |
|---|---|-------|-------|-------|
|   | Using this luxury brand is enjoyable. (EV2)   | 0.836 |       |       |
|   | This luxury brand makes me want to use it. (EV3)  | 0.758 |       |       |
| <b>Social Value</b>                       | This luxury brand helps me to feel accepted. (SV1)  | 0.845 |       |       |
|   | This luxury brand improves the way I am perceived. (SV2)  | 0.888 |       |       |
|   | This luxury brand makes a good impression on other people. (SV3)  | 0.895 |       |       |
|   | This luxury brand gives its owner social approval. (SV4)  | 0.863 |       |       |
| <b>Affective Commitment</b>               | I feel emotionally attached to this luxury brand. (BC1)   | 0.849 | 0.894 | 0.739 |
|   | This luxury brand has a great deal of personal meaning for me. (BC2)  | 0.905 |       |       |
|   | I feel a strong sense of identification with this luxury brand. (BC3)   | 0.822 |       |       |
| <b>Continuance Commitment</b>             | It would be very hard for me to switch away from this luxury brand even if I wanted to. (BC4)   | 0.786 | 0.892 | 0.735 |
|   | My life would be disrupted if I switched away from this luxury brand. (BC5)   | 0.889 |       |       |
|   | It would be too costly for me to switch from this luxury brand to other luxury brands. (BC6)  | 0.893 |       |       |
|   |   |       |       |       |
| <b>Purchase Intention</b>                 | If I were going to purchase a luxury product within the next 12 months, I would consider buying this luxury brand. (PI1)                  | 0.678 | 0.848 | 0.585 |
|   | If I were shopping for a luxury brand within the next 12 months, the likelihood is that I would purchase this luxury brand is high. (PI2) | 0.750 |       |       |
|   | My willingness within the next 12 months to buy this luxury brand is high. (PI3)  | 0.826 |       |       |
|   | The probability that I would buy this luxury brand within the next 12 months is high. (PI4)   | 0.796 |       |       |
|   |   |       |       |       |
| <b>Willingness to Pay a Price Premium</b> | The price of this luxury brand would have to increase significantly before I would switch to competitor brands. (WTP1)                    | 0.791 | 0.897 | 0.745 |
|   | I am willing to pay a higher price for this luxury brand compared with substitute brands. (WTP2)  | 0.859 |       |       |
|   | I am willing to pay a lot more for this luxury brand than competitor brands. (WTP3)   | 0.933 |       |       |

**Note:** CR=Construct Reliability, AVE=Average Variance Extracted.

A review of the standardised estimates has also indicated a correlation value of 0.960 between luxury customer value and emotional brand association, an indication of high multicollinearity (see Table 5.34 below). Further, the high correlation between affective commitment and luxury customer value has emerged after the symbolic value construct has been removed from luxury customer value.

Table 5.34 Construct Reliability and Validity for Full Model (II) – (n=494)

|  | CR    | AVE   | MSV   | ASV   | Factor Correlation Matrix |          |          |          |          |          |          |          |          |
|--|-------|-------|-------|-------|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
|  |       |       |       |       | BA                        | BT       | CBA      | EBA      | LCV      | AC       | CC       | PI       | WTP      |
| <b>Brand Affect (BA)</b>                 | 0.859 | 0.672 | 0.517 | 0.245 | 0.819***                  |          |          |          |          |          |          |          |          |
| <b>Brand Trust (BT)</b>                  | 0.840 | 0.572 | 0.484 | 0.305 | 0.522***                  | 0.756*** |          |          |          |          |          |          |          |
| <b>Cognitive Brand Association (CBA)</b> | 0.767 | 0.532 | 0.462 | 0.235 | 0.604***                  | 0.680*** | 0.729*** |          |          |          |          |          |          |
| <b>Emotional Brand Association (EBA)</b> | 0.777 | 0.538 | 0.922 | 0.394 | 0.594***                  | 0.601*** | 0.546*** | 0.734*** |          |          |          |          |          |
| <b>Luxury Customer Value (LCV)</b>       | 0.724 | 0.567 | 0.922 | 0.529 | 0.719***                  | 0.696*** | 0.572*** | 0.960*** | 0.753*** |          |          |          |          |
| <b>Affective Commitment (AC)</b>         | 0.894 | 0.739 | 0.699 | 0.346 | 0.354***                  | 0.389*** | 0.269*** | 0.659*** | 0.836*** | 0.859*** |          |          |          |
| <b>Continuance Commitment (CC)</b>       | 0.892 | 0.735 | 0.682 | 0.275 | 0.204***                  | 0.359*** | 0.152*** | 0.540*** | 0.694*** | 0.826*** | 0.857*** |          |          |
| <b>Purchase Intentions (PI)</b>          | 0.848 | 0.585 | 0.436 | 0.273 | 0.441***                  | 0.617*** | 0.416*** | 0.486*** | 0.660*** | 0.526*** | 0.447*** | 0.765*** |          |
| <b>Willingness to Pay (WTP)</b>          | 0.897 | 0.745 | 0.368 | 0.254 | 0.296***                  | 0.445*** | 0.396*** | 0.509*** | 0.607*** | 0.572*** | 0.593*** | 0.535*** | 0.863*** |

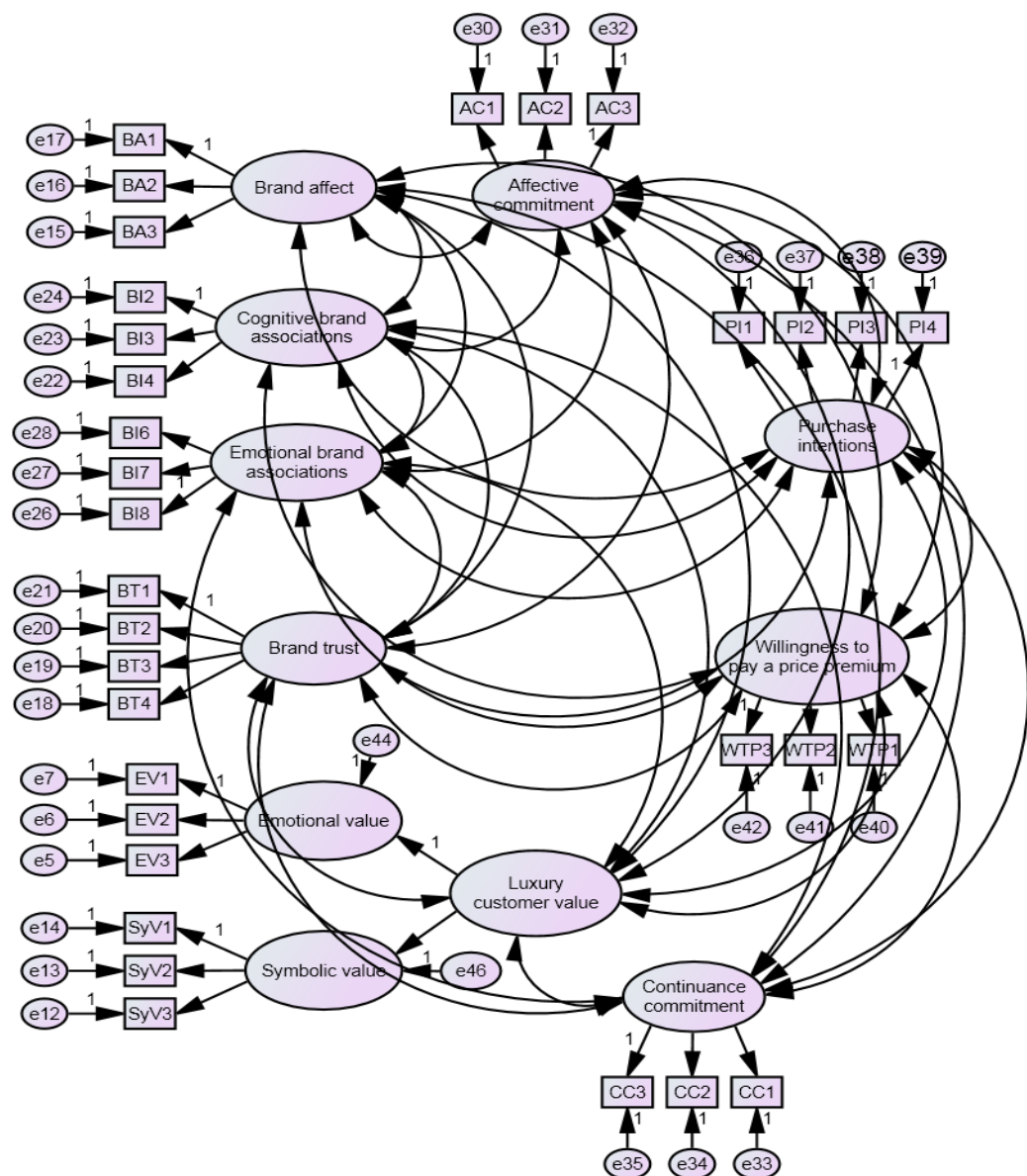
Note: \*\*\* significant at  $p < 0.001$

CR=Construct Reliability, AVE=Average Variance Extracted, MSV=Maximum Shared Squared Variance, ASV=Average Shared Squared Variance.

### 5.7.5 The Re-specified Full Measurement Model (III)

The scale of social value is removed from the full measurement model (III) (below, Figure 5.21). The re-specified full measurement model (III) yields  $\chi^2$  value of 1090.939 with 421 degrees of freedom. The absolute fit statistic  $\chi^2/df=2.591$  presents as small than 5.0 and is considered a good fit for the CFA model (Hair *et al.*, 2010). The goodness-of-fit indices, CFI=0.933, GFI=0.878, AGFI=0.848, IFI=0.934 and TLI=0.921 have been assessed as close to the threshold level of 0.90 recommended by Hair *et al.* (2010). For the assessment of badness-of-fit, the value of RMSEA is 0.057, within the suggested level of between 0.05 and 0.08 (Hair *et al.*, 2010). The re-specified model (III) has again improved marginally.

Figure 5.21 Re-specified Full Measurement Model (III)





For iteration III, construct reliability can be assumed as Table 5.35 shows the outcomes for both CR and AVE. In terms of reliability, all the constructs higher the suggested level of 0.70 (value ranges from 0.752 to 0.897). In terms of AVE, all the constructs exceed the presented value of 0.50. In the assessment of convergent validity, most of the items have a relatively high standardised loading (loading values ranging from 0.539 to 0.933) and greater than the recommended guideline of 0.7 by Hair *et al.* (2010). Although there are six items which have a lower standardised loading, that is less than the proposed loading value of 0.7 and these items are still in the acceptable range (Hair *et al.*, 2010).

Table 5.35 Scale Items, Factor Loadings and Reliability Measures for Re-specified Model (III)

| Latent constructs                  | Scale items   | Factor loading | CR    | AVE   |
|------------------------------------|---|----------------|-------|-------|
| <b>Brand Affect</b>                | This luxury brand makes me happy. (BA1)   | 0.831          | 0.859 | 0.671 |
|                                    | I feel good when I use this luxury brand. (BA2)   | 0.869          |       |       |
|                                    | This luxury brand gives me pleasure. (BA3)  | 0.753          |       |       |
| <b>Brand Trust</b>                 | I trust this luxury brand. (BT1)  | 0.758          | 0.841 | 0.573 |
|                                    | I rely on this luxury brand. (BT2)  | 0.598          |       |       |
|                                    | This luxury brand is an honest brand. (BT3)   | 0.854          |       |       |
|                                    | I feel that I can trust this luxury brand completely. (BT4)                                   | 0.793          |       |       |
| <b>Cognitive Brand Association</b> | This luxury brand is durable. (BI2)   | 0.539          | 0.767 | 0.532 |
|                                    | This luxury brand has technical sophistication. (BI3)   | 0.748          |       |       |
|                                    | This luxury brand performs as expected. (BI4)   | 0.864          |       |       |
| <b>Emotional Brand Association</b> | This luxury brand increases the respectability of me. (BI6)                                   | 0.804          | 0.777 | 0.538 |
|                                    | This luxury brand is admired by my friends and relatives. (BI7)                               | 0.687          |       |       |
|                                    | This luxury brand expresses my personality. (BI8)   | 0.704          |       |       |
| <b>Luxury Customer Value</b>       |   |                | 0.752 | 0.604 |
| <b>Emotional Value</b>             | This luxury brand makes me feel good. (EV1)   | 0.782          |       |       |
|                                    | Using this luxury brand is enjoyable. (EV2)   | 0.837          |       |       |
|                                    | This luxury brand makes me want to use it. (EV3)  | 0.752          |       |       |
| <b>Symbolic Value</b>              | This luxury brand's product is conspicuous. (SyV1)  | 0.895          |       |       |
|                                    | This luxury brand's product is expensive. (SyV2)  | 0.672          |       |       |
|                                    | This luxury brand's product is for the wealthy. (SyV3)  | 0.570          |       |       |
| <b>Affective Commitment</b>        | I feel emotionally attached to this luxury brand. (BC1)                                       | 0.845          | 0.892 | 0.735 |
|                                    | This luxury brand has a great deal of personal meaning for me. (BC2)                          | 0.915          |       |       |
|                                    | I feel a strong sense of identification with this luxury brand. (BC3)                         | 0.808          |       |       |
| <b>Continuance Commitment</b>      | It would be very hard for me to switch away from this luxury brand even if I wanted to. (BC4) | 0.787          | 0.893 | 0.736 |
|                                    | My life would be disrupted if I switched away from this luxury brand. (BC5)                   | 0.890          |       |       |
|                                    | It would be too costly for me to switch from this luxury brand to other luxury brands. (BC6)  | 0.892          |       |       |

|   |   |       |       |       |
|---|---|-------|-------|-------|
| <b>Purchase Intention</b>                 | If I were going to purchase a luxury product within the next 12 months, I would consider buying this luxury brand. (PI1)                  | 0.675 | 0.848 | 0.584 |
|   | If I were shopping for a luxury brand within the next 12 months, the likelihood is that I would purchase this luxury brand is high. (PI2) | 0.748 |       |       |
|   | My willingness within the next 12 months to buy this luxury brand is high. (PI3)  | 0.825 |       |       |
|   | The probability that I would buy this luxury brand within the next 12 months is high. (PI4)   | 0.800 |       |       |
| <b>Willingness to Pay a Price Premium</b> | The price of this luxury brand would have to increase significantly before I would switch to competitor brands. (WTP1)                    | 0.791 | 0.897 | 0.745 |
|   | I am willing to pay a higher price for this luxury brand compared with substitute brands. (WTP2)  | 0.859 |       |       |
|   | I am willing to pay a lot more for this luxury brand than competitor brands. (WTP3)   | 0.933 |       |       |

**Note:** CR=Construct Reliability, AVE=Average Variance Extracted.

From Table 5.36, it can be seen that there is an acceptable level of convergent validity for all of the indicators. For discriminant validity, the constructs of emotional brand association and luxury customer value appear to violate discriminant validity in that their AVE is less than MSV (highlighted below in Table 5.36). Given this violate, Model (III) can be rejected.

A review of the standardised estimates revealed a correlation value of 1.071 between the factors of luxury customer value and emotional brand association, an indication of high multicollinearity (see Table 5.36).

Table 5.36 Construct Reliability and Validity for Full Model (III) – (n=494)

|  | Factor Correlation Matrix |       |       |       |          |          |          |          |          |          |          |          |          |
|--|---------------------------|-------|-------|-------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|  | CR                        | AVE   | MSV   | ASV   | BA       | BT       | CBA      | EBA      | LCV      | AC       | CC       | PI       | WTP      |
| <b>Brand Affect (BA)</b>                 | 0.859                     | 0.671 | 0.531 | 0.246 | 0.819*** |          |          |          |          |          |          |          |          |
| <b>Brand Trust (BT)</b>                  | 0.841                     | 0.573 | 0.479 | 0.303 | 0.522*** | 0.757*** |          |          |          |          |          |          |          |
| <b>Cognitive Brand Association (CBA)</b> | 0.767                     | 0.532 | 0.464 | 0.243 | 0.606*** | 0.681*** | 0.730*** |          |          |          |          |          |          |
| <b>Emotional Brand Association (EBA)</b> | 0.777                     | 0.538 | 1.147 | 0.420 | 0.593*** | 0.596*** | 0.545*** | 0.733*** |          |          |          |          |          |
| <b>Luxury Customer Value (LCV)</b>       | 0.752                     | 0.604 | 1.147 | 0.529 | 0.729*** | 0.692*** | 0.622*** | 1.071*** | 0.777*** |          |          |          |          |
| <b>Affective Commitment (AC)</b>         | 0.892                     | 0.735 | 0.691 | 0.323 | 0.351*** | 0.386*** | 0.271*** | 0.652*** | 0.719*** | 0.857*** |          |          |          |
| <b>Continuance Commitment (CC)</b>       | 0.893                     | 0.736 | 0.691 | 0.260 | 0.204*** | 0.358*** | 0.153*** | 0.540*** | 0.694*** | 0.831*** | 0.858*** |          |          |
| <b>Purchase Intentions (PI)</b>          | 0.848                     | 0.584 | 0.378 | 0.253 | 0.441*** | 0.615*** | 0.415*** | 0.483*** | 0.531*** | 0.526*** | 0.448*** | 0.764*** |          |
| <b>Willingness to Pay (WTP)</b>          | 0.897                     | 0.745 | 0.368 | 0.254 | 0.296*** | 0.444*** | 0.395*** | 0.507*** | 0.554*** | 0.573*** | 0.593*** | 0.535*** | 0.863*** |

Note: \*\*\* significant at  $p < 0.001$

CR=Construct reliability, AVE=Average Variance Extracted, MSV=Maximum Shared Squared Variance, ASV=Average Shared Squared Variance.

Table 5.37 Iterations to Model to Improve Measure of Fit

| Iteration      | Scale | $\chi^2$ | $\chi^2/\text{df}$ | GFI   | AGFI  | CFI   | IFI   | TLI   | RMSEA |
|----------------|-------|----------|--------------------|-------|-------|-------|-------|-------|-------|
| Original model |       | 1674.391 | 3.017              | 0.840 | 0.809 | 0.097 | 0.908 | 0.895 | 0.064 |
| Model I        | EBA   | 1219.542 | 2.663              | 0.868 | 0.839 | 0.931 | 0.932 | 0.921 | 0.058 |
| Model II       | SyV   | 1197.828 | 2.650              | 0.873 | 0.842 | 0.932 | 0.933 | 0.932 | 0.058 |
| Model III      | SV    | 1090.939 | 2.591              | 0.898 | 0.848 | 0.933 | 0.934 | 0.921 | 0.057 |

Note: EBA=Emotional Brand Association, SyV=Symbolic Value, SV=Social Value.

In conclusion, the re-specified model (I) has shown strong evidence of unidimensionality, reliability, face, content, convergent and discriminant validity (refers to Table 5.32), although a few unqualified indicators need to be deleted at the next stage. Table 5.38 is a summary for retained items which are used in the structural model in the next section.

Table 5.38 Retained Items Used in Structural Model

| Original number of items | Constructs                         | Sources                             | Item deleted    | Item retained |
|--------------------------|------------------------------------|-------------------------------------|-----------------|---------------|
| 3                        | Brand affect                       | Chaudhuri and Holbrook (2001, 2002) |                 | yes           |
| 4                        | Cognitive brand associations       | Alimen and Cerit (2010)             | Partially (BI1) |               |
| 4                        | Emotional brand associations       | Alimen and Cerit (2010)             | yes             |               |
| 4                        | Brand trust                        | Chaudhuri and Holbrook (2001, 2002) |                 | yes           |
| 4                        | Functional value                   | Alimen and Cerit (2010)             | yes             |               |
| 3                        | Emotional value                    | Bian and Forsythe (2012)            |                 | yes           |
| 4                        | Social value                       | Sweeney & Soutar (2001)             |                 | yes           |
| 3                        | Symbolic value                     | Hung <i>et al.</i> (2011)           |                 | yes           |
| 3                        | Affective commitment               | Fullerton (2005)                    |                 | yes           |
| 3                        | Continuance commitment             | Fullerton (2005)                    |                 | yes           |
| 4                        | Purchase intentions                | Bian and Forsythe (2012)            |                 | yes           |
| 3                        | Willingness to pay a price premium | Netemeyer <i>et al.</i> (2004)      |                 | yes           |

#### 5.7.6 Reliability and Validity for Brand Commitment and Its Antecedents Model

The measuring model for brand commitment and its antecedents in Figure 5.22 was estimated and resulted in the value of  $\chi^2$  is 700.676 and  $\chi^2/df=2.520$ ; a number smaller than 5.0 is considered good and between 2.0 and 5.0 is acceptable (Hair *et al.*, 2010). The goodness-of-fit statistics (GFI=0.901, AGFI=0.875, CFI=0.944, IFI=0.944 and TLI=0.934) have a value close to the guideline of 0.9 (Hair *et al.*, 2010). In contrast, the badness-of-fit index of RMSEA is 0.056 and lower than the recommended value of 0.08 by Hair *et al.* (2010). Therefore, the current model can be assumed as a good fit.

Figure 5.22 Measurement Model of Brand Commitment (AC–CC) and Its Antecedents

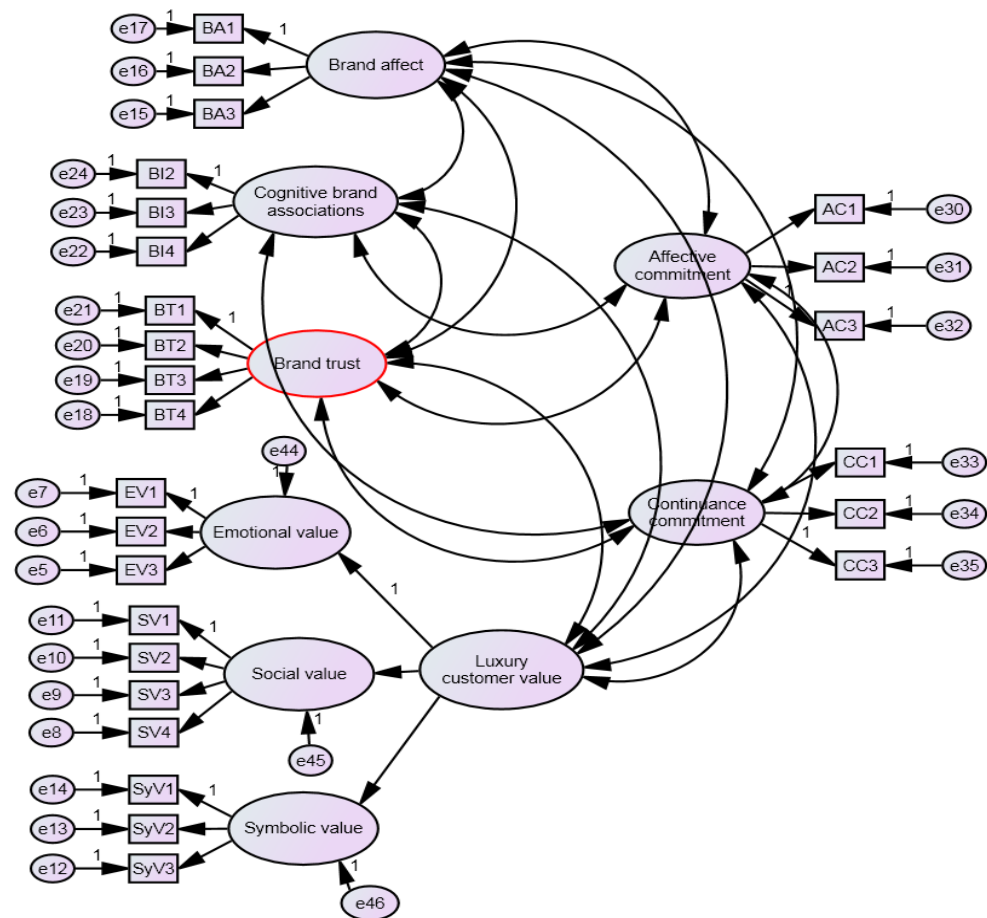


Table 5.39 indicates the outcomes for both CR and AVE. For the reliability, all items have a high factor loading, and the loadings range from 0.802 to 0.859 which have reached the proposed threshold of 0.7 by Hair *et al.* (2010). Furthermore, the AVE estimates all of the constructs exceed the presented value of 0.5 by Hair *et al.* (2010). Therefore, it can be seen that there is an acceptable level of convergent validity for the all constructs.

For discriminant validity, the construct of affective commitment and continuance commitment appear to violate discriminant validity in that their AVE is less than MSV (highlighted below in Table 5.39). From the below Table 5.39, it can be seen that there is strong evidence of convergent validity for all of the indicators.

Table 5.39 Construct Reliability and Validity for Brand Commitment and Its Antecedents Measuring Model (n=494)

|  | CR    | AVE   | MSV   | ASV   | Factor Correlation Matrix |          |          |          |          |          |
|--|-------|-------|-------|-------|---------------------------|----------|----------|----------|----------|----------|
|  |       |       |       |       | BA                        | BT       | CBA      | AC       | CC       | LCV      |
| <b>Brand Affect (BA)</b>                 | 0.859 | 0.671 | 0.500 | 0.260 | 0.819***                  |          |          |          |          |          |
| <b>Brand Trust (BT)</b>                  | 0.848 | 0.584 | 0.423 | 0.269 | 0.500***                  | 0.764*** |          |          |          |          |
| <b>Cognitive Brand Association (CBA)</b> | 0.802 | 0.577 | 0.423 | 0.232 | 0.587***                  | 0.650*** | 0.760*** |          |          |          |
| <b>Affective Commitment (AC)</b>         | 0.844 | 0.644 | 0.663 | 0.246 | 0.362***                  | 0.363*** | 0.214*** | 0.802*** |          |          |
| <b>Continuance Commitment (CC)</b>       | 0.805 | 0.639 | 0.663 | 0.200 | 0.273***                  | 0.309*** | 0.140*** | 0.814*** | 0.799*** |          |
| <b>Luxury Customer Value (LCV)</b>       | 0.822 | 0.608 | 0.500 | 0.334 | 0.707***                  | 0.650*** | 0.569*** | 0.510*** | 0.383*** | 0.780*** |

Note: \*\*\* significant at  $p < 0.001$

CR=Construct Reliability, AVE=Average Variance Extracted, MSV=Maximum Shared Squared Variance, ASV=Average Shared Squared Variance.

The problematic items now in the model assessment are affective commitment and continuance commitment. These two items highly correlate with each other. A review of the standardised estimates revealed a correlation value of 0.814 between the factors, an indication of possible multicollinearity; the value is presented in Table 5.39 above. From the previous literature, researchers including Morgan and Hunt (1994), Garbarion and Johnson (1999), Pritchard *et al.* (1999) and De Wulf *et al.* (2001) have commitment as unidimensional. These authors have purely assumed commitment as a “global” dimension, suggesting that it typically encompassed aspects “willingness to make efforts” and “desire for continuity”.

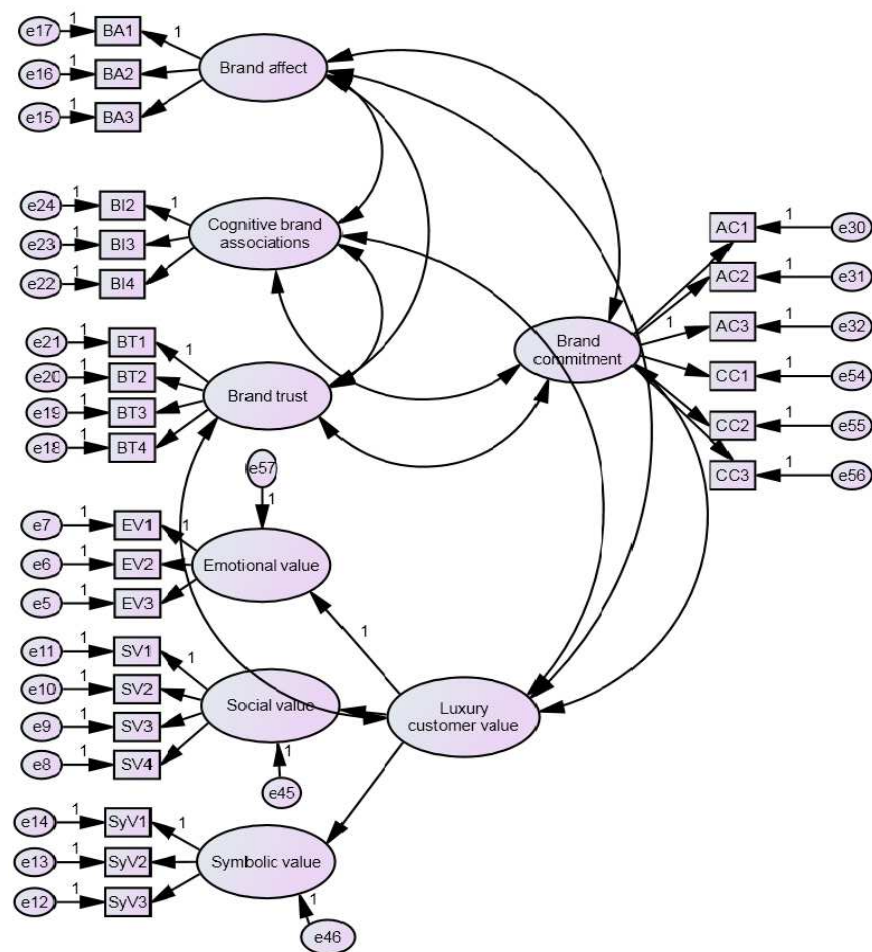
In contrast, other researchers have defined commitment as a multidimensional measure and have recognised that different commitment studies in consumer-brand relationships may lead to different consequences to details. In practice, customers may not deliberately separate two types of commitment in a conscious way. Brand commitment however can be a general belief attitude for the customer (Chaudhuri & Holbrook, 2002). That is probably the reason why affective commitment and continuance commitment are found to be highly correlated in this PhD study. From a statistical perspective, there are two basic ways to deal with extreme collinearity: “eliminate variables or combine redundant ones into a composite” (Kline, 2011, p. 54). Thus, it is considered that affective commitment and

continuance commitment can be merged into a unidimensional construct called brand commitment in this study.

### 5.7.7 The Re-testing Measurement Model for Brand Commitment and Its Antecedents Model (I)

Two measure scales, affective commitment and continuance commitment, have emerged in this analysis as a single unidimensional factor in the model shown below in Figure 5.23.

Figure 5.23 The Re-Testing Measurement Model for Brand Commitment and Its Antecedents (I)



The re-testing measurement model (I) shown by Figure 5.23 yields a  $\chi^2$  value of 618.950 with 282 degrees of freedom. The value of  $\chi^2/df$  is 2.195, well located within the recommended range of between 2.0 and 5.0 by Hair *et al.* (2010). The goodness-of-fit indices (GFI=0.911, AGFI=0.889, CFI=0.955, IFI=0.955 and TLI=0.948) have closely achieved a threshold level of 0.9 as recommended by Hair *et al.* (2010). The badness-of-fit, RMSEA is 0.049 and found to be well below the recommended level of 0.08 (Hair *et al.*,

2010). Therefore, Model (I) has improved significantly (for details see below, Table 5.41). Table 5.40 presents the outcomes of construct reliability, and all of the constructs have a higher factor loading greater than the recommended standard of 0.7 (Hair *et al.*, 2010). The standardised loading value ranges from 0.802 to 0.872. The AVE estimates range from 0.534 to 0.672, and all of the constructs exceed the threshold value of 0.5 (Hair *et al.*, 2010). For convergent validity, the total of 26 items has a reasonable loading between 0.555 and 0.913, the loading value greater than the acceptable value of 0.5 (Hair *et al.*, 2010).

Table 5.40 Scale Items, Factor Loadings and Reliability Measures for Re-Testing Model of Brand Commitment and Its Antecedents (I)

| Latent constructs                  | Scale items   | Factor loading | CR    | AVE   |
|------------------------------------|---|----------------|-------|-------|
| <b>Brand Affect</b>                | This luxury brand makes me happy. (BA1)   | 0.830          | 0.860 | 0.672 |
|                                    | I feel good when I use this luxury brand. (BA2)   | 0.866          |       |       |
|                                    | This luxury brand gives me pleasure. (BA3)  | 0.759          |       |       |
| <b>Brand Trust</b>                 | I trust this luxury brand. (BT1)  | 0.765          | 0.848 | 0.585 |
|                                    | I rely on this luxury brand. (BT2)  | 0.635          |       |       |
|                                    | This luxury brand is an honest brand. (BT3)   | 0.861          |       |       |
|                                    | I feel that I can trust this luxury brand completely. (BT4)                                   | 0.780          |       |       |
| <b>Cognitive Brand Association</b> | This luxury brand is durable. (BI2)   | 0.651          | 0.802 | 0.578 |
|                                    | This luxury brand has technical sophistication. (BI3)   | 0.835          |       |       |
|                                    | This luxury brand performs as expected. (BI4)   | 0.782          |       |       |
| <b>Luxury Customer Value</b>       |   |                | 0.822 | 0.608 |
| <b>Emotional Value</b>             | This luxury brand makes me feel good. (EV1)   | 0.772          |       |       |
|                                    | Using this luxury brand is enjoyable. (EV2)   | 0.843          |       |       |
|                                    | This luxury brand makes me want to use it. (EV3)  | 0.756          |       |       |
| <b>Symbolic Value</b>              | This luxury brand's product is conspicuous. (SyV1)  | 0.913          |       |       |
|                                    | This luxury brand's product is expensive. (SyV2)  | 0.660          |       |       |
|                                    | This luxury brand's product is for the wealthy. (SyV3)  | 0.555          |       |       |
| <b>Social Value</b>                | This luxury brand helps me to feel accepted. (SV1)  | 0.843          |       |       |
|                                    | This luxury brand improves the way I am perceived. (SV2)                                      | 0.887          |       |       |
|                                    | This luxury brand makes a good impression on other people. (SV3)                              | 0.899          |       |       |
|                                    | This luxury brand gives its owner social approval. (SV4)                                      | 0.862          |       |       |
| <b>Brand Commitment</b>            | I feel emotionally attached to this luxury brand. (BC1)                                       | 0.707          | 0.872 | 0.534 |
|                                    | This luxury brand has a great deal of personal meaning for me. (BC2)                          | 0.770          |       |       |
|                                    | I feel a strong sense of identification with this luxury brand. (BC3)                         | 0.832          |       |       |
|                                    | It would be very hard for me to switch away from this luxury brand even if I wanted to. (BC4) | 0.797          |       |       |
|                                    | My life would be disrupted if I switched away from this luxury brand. (BC5)                   | 0.655          |       |       |
|                                    | It would be too costly for me to switch from this luxury brand to other luxury brands. (BC6)  | 0.597          |       |       |

**Note:** CR=Construct Reliability, AVE=Average Variance Extracted.



For discriminate validity, the AVE of all of the constructs is greater than MSV. The results of this measurement model demonstrate that the re-testing model is a good fit.

Table 5.41 Construct Reliability and Validity of Re-Testing Model for Brand Commitment and Its Antecedents (I) (n=494)

|  | CR    | AVE   | MSV   | ASV   | Factor Correlation Matrix |          |          |          |          |
|--|-------|-------|-------|-------|---------------------------|----------|----------|----------|----------|
|  |       |       |       |       | BC                        | BA       | BT       | CBA      | LCV      |
| <b>Brand Commitment (BC)</b>             | 0.872 | 0.534 | 0.258 | 0.140 | 0.731***                  |          |          |          |          |
| <b>Brand Affect (BA)</b>                 | 0.860 | 0.672 | 0.501 | 0.307 | 0.364***                  | 0.820*** |          |          |          |
| <b>Brand Trust (BT)</b>                  | 0.848 | 0.585 | 0.424 | 0.307 | 0.366***                  | 0.499*** | 0.765*** |          |          |
| <b>Cognitive Brand Association (CBA)</b> | 0.802 | 0.578 | 0.421 | 0.281 | 0.190***                  | 0.587*** | 0.649*** | 0.760*** |          |
| <b>Luxury Customer Value (LCV)</b>       | 0.822 | 0.608 | 0.501 | 0.377 | 0.508***                  | 0.708*** | 0.651*** | 0.569*** | 0.779*** |

Note: \*\*\* significant at  $p < 0.001$

CR=Construct Reliability, AVE=Average Variance Extracted, MSV=Maximum Shared Squared Variance, ASV=Average Shared Squared Variance.

Table 5.42 presents that Model (I) has improved fit on either goodness-of-fit or badness-of-fit through emerged affective commitment and continuance commitment within one single commitment construct to measure the brand commitment.

Table 5.42 Iterations to Model to Improve Measure of Fit

| Iteration      | Emerged Scale | $\chi^2$ | $\chi^2/df$ | GFI   | AGFI  | CFI   | IFI   | TLI   | RMSEA |
|----------------|---------------|----------|-------------|-------|-------|-------|-------|-------|-------|
| Original model |               | 700.767  | 2.520       | 0.901 | 0.875 | 0.944 | 0.944 | 0.934 | 0.056 |
| Model (I)      | CA, CC        | 618.950  | 2.195       | 0.911 | 0.889 | 0.955 | 0.955 | 0.948 | 0.049 |

Note: AC=Affective Commitment, CC=Continuance Commitment.

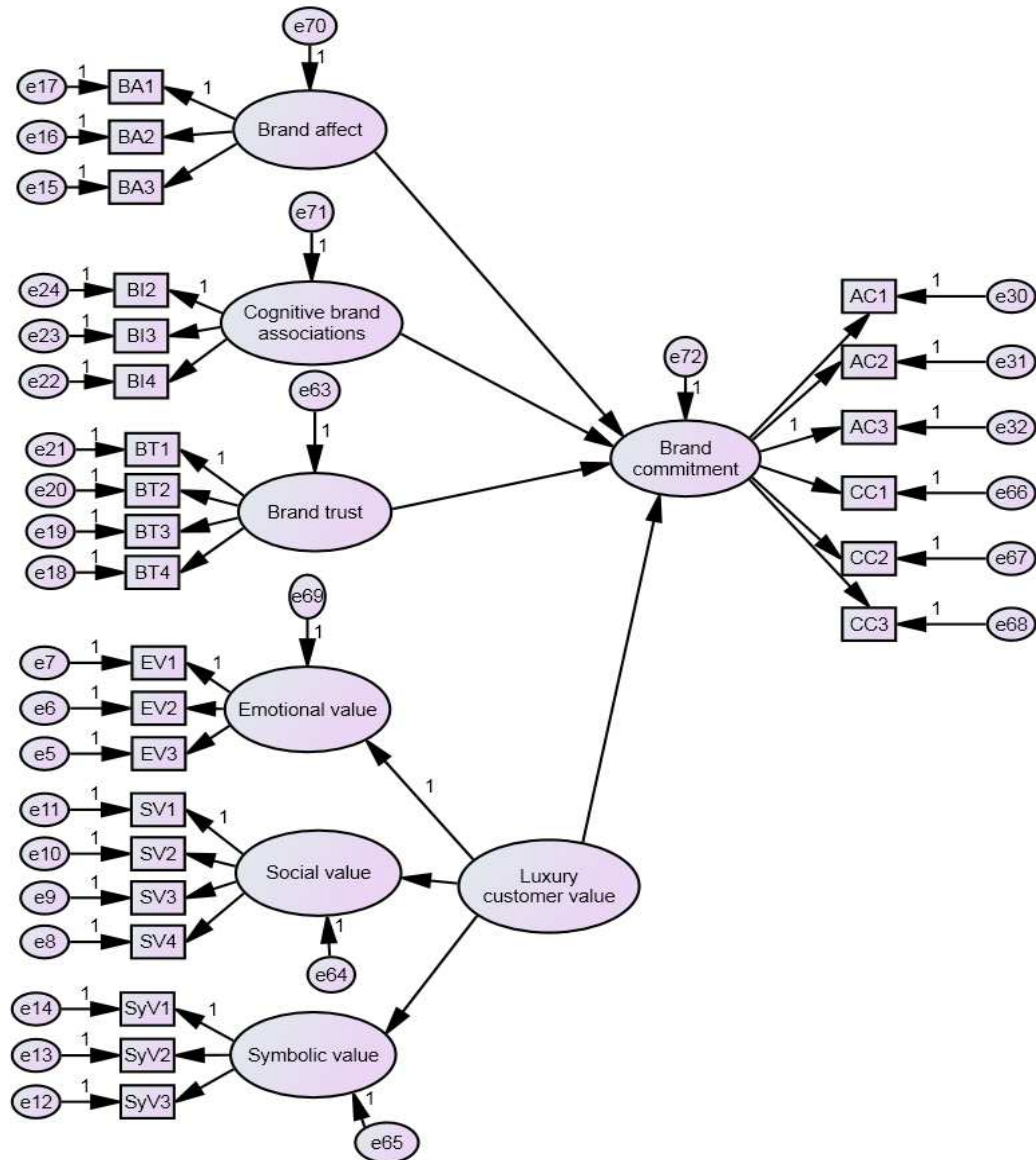
## 5.8 Step Four: Developing the SEM

### 5.8.1 Structural Evaluation of the Model for Brand Commitment and Its Antecedents

Based on the re-assessment of the various scales set in the measurement model, the SEM for brand commitment and its antecedents in Figure 5.24 is estimated, and resulted in  $\chi^2$  value as 1154.694 with 288 degrees of freedom. The value of  $\chi^2/df$  is 4.009 and less than the recommended level of 5.0 by Hair *et al.* (2010). The goodness-of-fit statistics (GFI=0.834, AGFI=0.797, CFI=0.885, TLI=0.870 and IFI=0.885) are below the 0.9 guideline for a model suggested by Hair *et al.* (2010). The badness-of-fit index RMSEA is 0.078, which is well within the recommended range of acceptability (<0.05 to 0.08) (Hair *et al.*, 2010). Overall, the indices of this CFA model reflect a poor fit and further

improvement can be made through checking the maximum likelihood parameter estimates and MIs.

Figure 5.24 Structural Equation Model Related to Brand Commitment and Its Antecedents



In reviewing both the unstandardised and standardised maximum likelihood parameter estimates (Table 5.43), all the parameter estimates have been found to be statistically significant.

Table 5.43 Selected Amos Text Output for Model of Brand Commitment and Its Antecedents- Maximum Likelihood Estimates

| Regression Weight |      |                 | Unstandrdised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|-------------------|------|-----------------|------------------------|-------|--------|-------|-----------------------|
| Emotional value   | <--- | LCV             | 1.000                  |       |        |       | 0.671                 |
| Social value      | <--- | LCV             | 2.156                  | 0.204 | 10.590 | 0.000 | 0.863                 |
| Symbolic value    | <--- | LCV             | 2.341                  | 0.215 | 10.900 | 0.000 | 0.875                 |
| BC                | <--- | Brand affect    | 0.184                  | 0.052 | 3.547  | 0.000 | 0.169                 |
| BC                | <--- | CBA             | -0.179                 | 0.066 | -2.720 | 0.007 | -0.128                |
| BC                | <--- | Brand trust     | 0.254                  | 0.062 | 4.072  | 0.000 | 0.196                 |
| BC                | <--- | LCV             | 0.702                  | 0.104 | 6.784  | 0.000 | 0.393                 |
| EV3               | <--- | Emotional value | 1.199                  | 0.075 | 15.982 | 0.000 | 0.760                 |
| EV2               | <--- | Emotional value | 1.229                  | 0.072 | 17.096 | 0.000 | 0.850                 |
| EV1               | <--- | Emotional value | 1.000                  |       |        |       | 0.759                 |
| SV4               | <--- | Social value    | 1.071                  | 0.045 | 23.719 | 0.000 | 0.866                 |
| SV3               | <--- | Social value    | 1.057                  | 0.048 | 21.915 | 0.000 | 0.894                 |
| SV2               | <--- | Social value    | 1.103                  | 0.045 | 24.708 | 0.000 | 0.890                 |
| SV1               | <--- | Social value    | 1.000                  |       |        |       | 0.840                 |
| SyV3              | <--- | Symbolic value  | 0.737                  | 0.061 | 12.105 | 0.000 | 0.594                 |
| SyV2              | <--- | Symbolic value  | 0.871                  | 0.060 | 14.597 | 0.000 | 0.708                 |
| SyV1              | <--- | Symbolic value  | 1.000                  |       |        |       | 0.852                 |
| BA3               | <--- | Brand affect    | 1.021                  | 0.060 | 17.057 | 0.000 | 0.728                 |
| BA2               | <--- | Brand affect    | 0.987                  | 0.052 | 19.156 | 0.000 | 0.894                 |
| BA1               | <--- | Brand affect    | 1.000                  |       |        |       | 0.824                 |
| BT4               | <--- | Brand trust     | 1.231                  | 0.074 | 16.535 | 0.000 | 0.770                 |
| BT3               | <--- | Brand trust     | 1.197                  | 0.066 | 18.021 | 0.000 | 0.881                 |
| BT2               | <--- | Brand trust     | 0.844                  | 0.063 | 13.433 | 0.000 | 0.631                 |
| BT1               | <--- | Brand trust     | 1.000                  |       |        |       | 0.752                 |
| BI4               | <--- | CBA             | 1.053                  | 0.081 | 13.072 | 0.000 | 0.688                 |
| BI3               | <--- | CBA             | 1.327                  | 0.108 | 12.257 | 0.000 | 0.944                 |
| BI2               | <--- | CBA             | 1.000                  |       |        |       | 0.637                 |
| BC1AC             | <--- | BC              | 0.864                  | 0.055 | 15.623 | 0.000 | 0.696                 |
| BC3AC             | <--- | BC              | 1.000                  |       |        |       | 0.826                 |
| BC2AC             | <--- | BC              | 0.993                  | 0.057 | 17.485 | 0.000 | 0.761                 |
| BC4CC             | <--- | BC              | 0.959                  | 0.052 | 18.292 | 0.000 | 0.784                 |
| BC5CC             | <--- | BC              | 0.773                  | 0.054 | 14.447 | 0.000 | 0.642                 |
| BC6CC             | <--- | BC              | 0.728                  | 0.056 | 12.920 | 0.000 | 0.584                 |

**Note:** BC=Brand Commitment, CBA=Cognitive Brand Associations, CR=Construct Reliability, SE=Standard Error.

A review of the modification indices in Table 5.44 reveals that there are some relatively large values indicating there is potential to improve the model. It is evident that the model could be further improved with the re-specification of possibly one pair of correlated items – cognitive brand association with brand trust – from the evidence displayed in Table 5.44. The largest MI corresponds to potential association and is 122.541 between cognitive brand association and brand trust. Since the two constructs are highly correlated, this definitely signals the existence of a potential relationship between them.

Esch *et al.* (2006) suggested that brand image was an antecedent factor to brand trust and has a significant positive impact on brand trust. In other words, when the image of the

brand is increasing, the level of consumer trust is increasing. A customer cannot trust the brand when they lack a positive image of it. The level of brand image is likely to have an important impact on brand trust. The model in this study has been subsequently re-specified with the addition of the path between cognitive brand association and brand trust.

Table 5.44 Amos Text Output for Model of Brand Commitment and Its Antecedents (I) – Modification Indices and Parameter Change Statistics

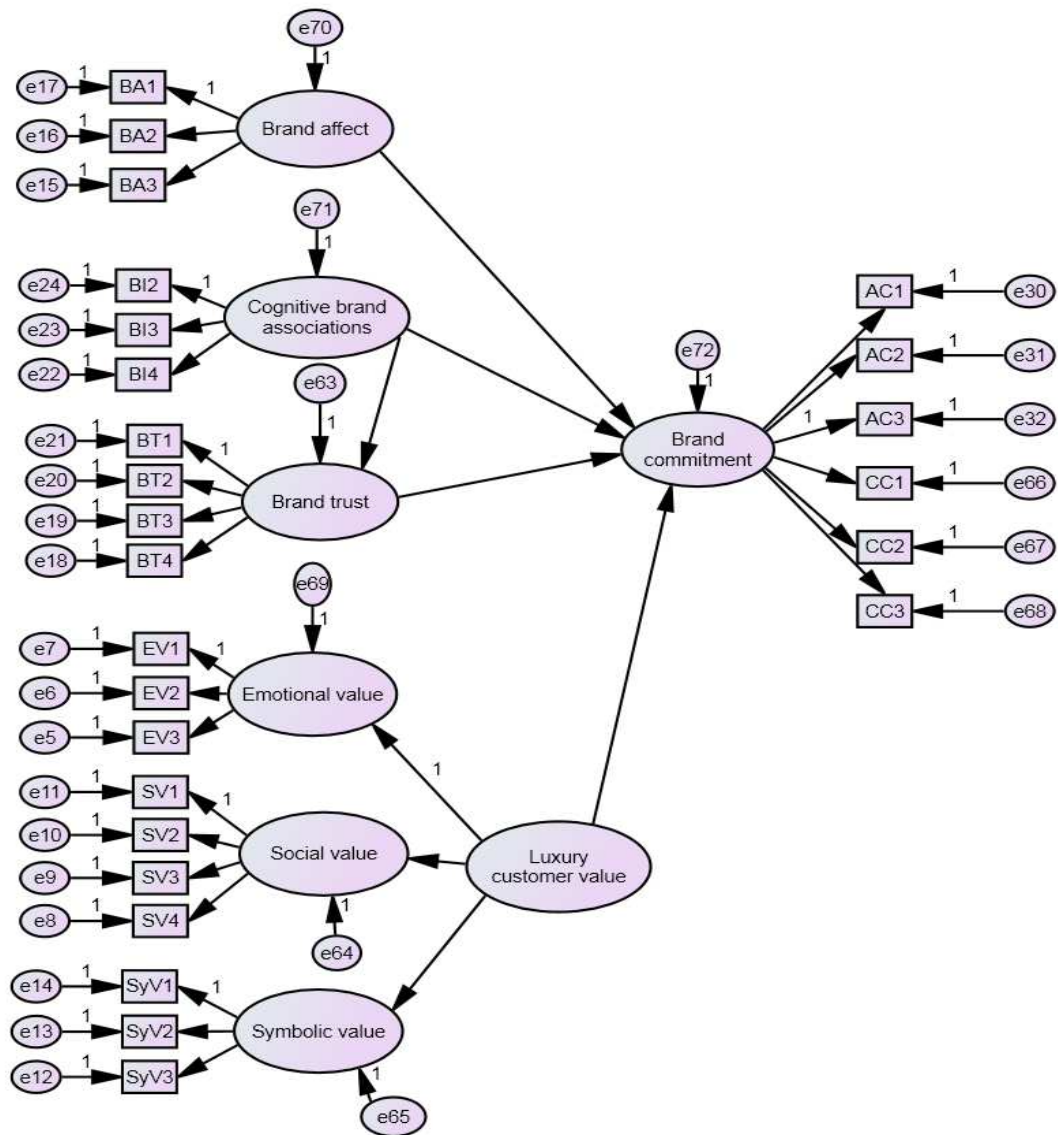
| Covariances:                |      |                             | M.I.    | Par Change |
|-----------------------------|------|-----------------------------|---------|------------|
| e70                         | <--> | Luxury value                | 108.113 | 0.239      |
| e70                         | <--> | e71                         | 99.735  | 0.278      |
| e70                         | <--> | e63                         | 88.858  | 0.290      |
| e69                         | <--> | e70                         | 104.043 | 0.288      |
| Variances                   |      |                             |         |            |
| Regression                  |      |                             |         |            |
| Weights:                    |      |                             | M.I.    | Par Change |
| Cognitive brand association | <--- | Brand trust                 | 122.541 | 0.516      |
| Brand affect                | <--- | Luxury brand association    | 108.113 | 0.901      |
| Brand trust                 | <--- | Cognitive brand association | 122.541 | 0.607      |
| Cognitive brand association | <--- | Brand affect                | 99.735  | 0.391      |
| Brand trust                 | <--- | Luxury brand association    | 98.542  | 0.607      |
| Emotional value             | <--- | Brand affect                | 104.043 | 0.406      |

**Note:** MI=Modification Indices.

### 5.8.1.1 Re-Specified Structural Evaluation of the Model for Brand Commitment and Its Antecedents (I)

The re-specified full measurement model (I) shown below in Figure 5.25 has been estimated and resulted in a good model fit. The observed  $\chi^2$  for this model is 996.537 with 287 degrees of freedom. The ration of  $\chi^2/\text{df}$  is 3.472, smaller than 5.0 and greater than 2.0 as recommended by Hair *et al.* (2010). The goodness-of-fit indices (GFI=0.867, AGFI=0.837, CFI=0.906, IFI=0.906 and TLI=0.893) appear to be adequate as they are near the suggested value of 0.9 (Hair *et al.*, 2010). Further, the badness-of-fit statistic of RMSEA is 0.071, below the recommended level of 0.08 (Hair *et al.*, 2010).

Figure 5.25 Structural Equation Model for Brand Commitment and Its Antecedents (I)



In the original structural model which sought the relationship between brand commitment and its antecedents an unacceptable level of fit was initially showed. However, after an iterative process in which examination of the normalised residuals, the modification indices and specific model paths – such as that between cognitive brand association and brand trust – of the model had been considered, an acceptable fitness level was obtained (see Table 5.45). The significant  $\chi^2$  indicates that the model does not fit the data adequately because of the large sample size affecting the  $\chi^2$  test (Byrne *et al.*, 2010; Hair *et al.*, 2010). However, the normalised value ( $\chi^2/\text{df}$ ) is found to lie within the acceptable range. From analysis presented in Table 5.45, it can be concluded that the construct exhibits a high degree of reliability, all values exceeding the recommended value of 0.7, and a high level of variance extracted, for which all values exceed 0.5.

Table 5.45 Iterations to Model to Improve Measure of Fit

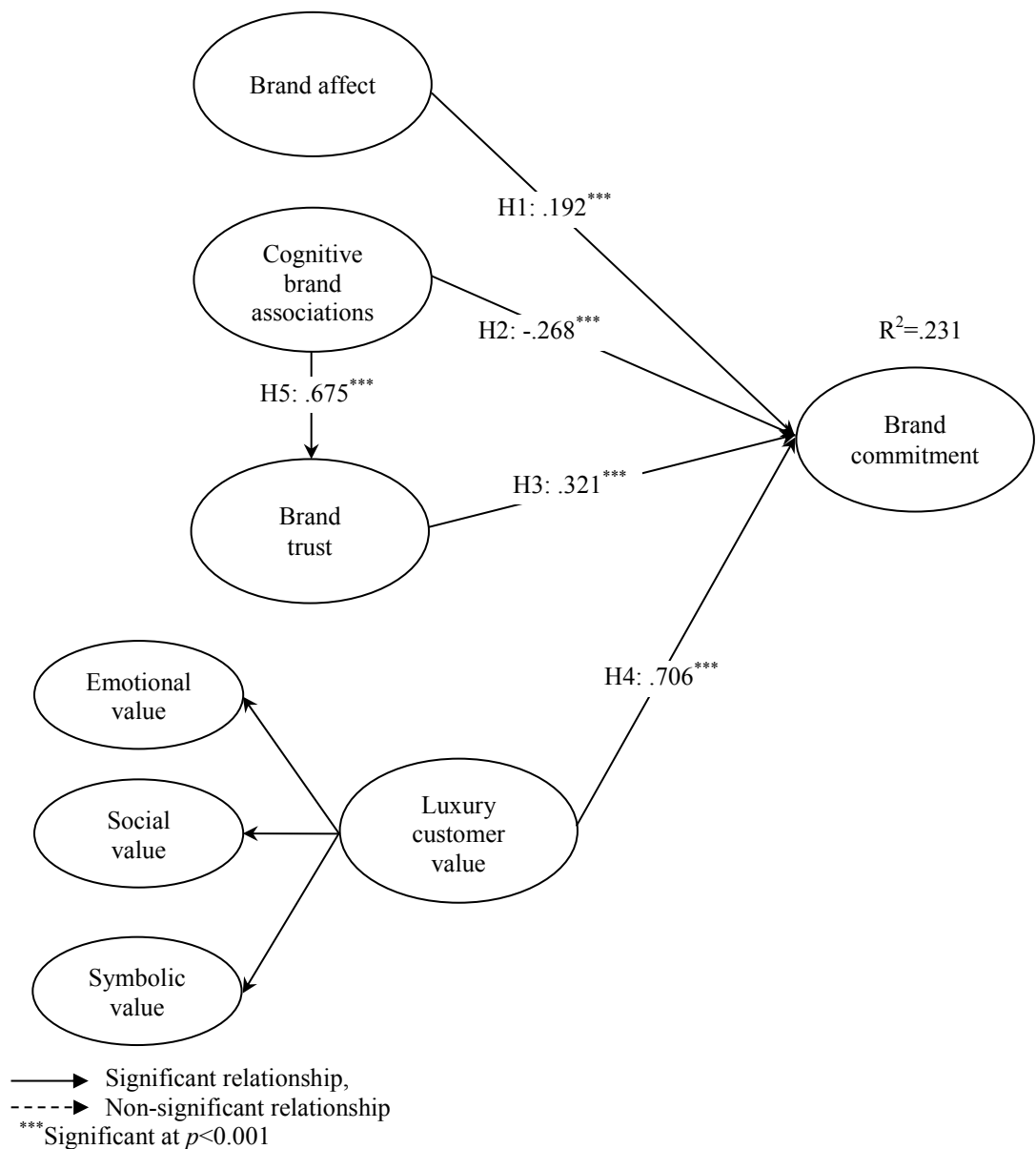
| Iteration      | Path   | $\chi^2$ | $\chi^2/\text{df}$ | GFI   | AGFI  | CFI   | RMSEA | R <sup>2</sup><br>(brand commitment) |
|----------------|--------|----------|--------------------|-------|-------|-------|-------|--------------------------------------|
| Original model |        | 1154.694 | 4.009              | 0.834 | 0.797 | 0.885 | 0.078 | 0.238                                |
| Model I        | CBA→BT | 996.537  | 3.472              | 0.867 | 0.837 | 0.906 | 0.071 | 0.231                                |

**Note:** CBA=Cognitive Brand Association, BT=Brand Trust.

### 5.8.2 Assessment of the Model for Brand Commitment and Its Antecedents

Based on the re-specified structural model (I) proposed the paths in the Figure 5.26, this section attempts to evaluate the relationships between brand commitment and four key antecedents (brand affect, cognitive brand associations, brand trust and luxury customer value).

Figure 5.26 The Proposed Model for Brand Commitment and Its Antecedents



Inspection of the path coefficients in Figure 5.26 presents the assessment of the initial hypotheses listed at the start of this findings chapter. The outcomes of this assessment are displayed in Table 5.46.

Table 5.46 Structural Parameters of Brand Commitment with Antecedents

| Hypotheses   | Path coefficients | Direction | Significance level | Decision    |
|--|-------------------|-----------|--------------------|-------------|
| <b>H1</b> Brand affect→<br>Brand commitment                | 0.192             | Positive  | $p=0.000$          | H1 accepted |
| <b>H2</b> Cognitive brand association→<br>Brand commitment | -0.268            | Negative  | $p=0.005$          | H3 rejected |
| <b>H3</b> Brand trust→<br>Brand commitment                 | 0.321             | Positive  | $p=0.000$          | H4 accepted |
| <b>H4</b> Luxury customer value→<br>Brand commitment       | 0.706             | Positive  | $p=0.000$          | H5 accepted |
| <b>H5</b> Cognitive brand association →<br>Brand trust     | 0.675             | Positive  | $p=0.000$          | H2 accepted |

The relationship between brand affect and brand commitment had been tested, the coefficient estimates for the path from brand affect to brand commitment toward luxury brands is marginally significant ( $\beta=0.192$ ,  $p<0.001$ ), supporting H1 and suggesting that Chinese consumers who have a high brand affect form favourable attitudes toward luxury brands as a means for maintaining the long-term consumer-brand relationship as mentioned by the contribution of Chaudhuri and Holbrook (2001, 2002).

The negative relationship between cognitive brand association and brand commitment ( $\beta=-0.268$ ,  $p<0.005$ ), while statistically significant, failed to support H2. It would be expected that a positive association model exist to support H2, given a previous finding that consumers prefer to maintain long-term consumer-brand relationships with luxury item where the brand's image conveys the consumers' positive perception (Chaudhuri & Holbrook, 2002; Matzler *et al.*, 2008; Philippe & Gilles, 2010).

H3 is now accepted, brand trust toward luxury brands positively influences brand commitment, and is supported in the potential model ( $\beta=0.321$ ,  $p<0.001$ ). These findings corroborate extant research that brand trust of luxury brands positively influences consumer brand commitment, suggesting in this research context that Chinese consumers are more predisposed to develop a long-term relationship with a luxury brand where trust is integral to the consumer relationship (Chaudhuri & Holbrook, 2002; Matzler *et al.*, 2008; Sung & Choi, 2010).

H4 is supported by a significant positive direction between luxury customer values and brand commitment toward luxury brands ( $\beta=0.706, p<0.001$ ). The model also yields a squared multiple correlation value for brand commitment as the dependent variable of 0.23, suggesting reasonable prediction for a model of this complexity (Robson *et al.*, 2008). Finally, H5 is also supported as the direct relationship between cognitive brand association and brand trust is significant ( $\beta=0.675, p<0.001$ ). This corroborates the finding of Esch *et al.* (2006), that a positively held view of brand image enhances consumer brand trust.

Consequently, through the statistical testing of the above five hypotheses (H1, H2, H3, H4 and H5) in the proposed model for brand commitment and its antecedents (see Figure 5.26), customer luxury value has been identified as the most important factor that has a positive impact on brand commitment. However, the five hypotheses are different from the subsequent hypotheses (H1a-c, H2a-c, H3a-c and H4a-c) in the full model of brand commitment (see Figure 5.30, in Section 5.8.3.3).

### **5.8.3 Structural Evaluation of the Hypothesised Model for Brand Commitment and Its Antecedents/Consequences**

The full measurement model, as indicated by Figure 5.27, was assessed and resulted in a poor model fit. The value of  $\chi^2$  is 1774.223 with 578 degrees of freedom. The ratio of  $\chi^2/df$  is 3.807 and within the suggested range of between 2.0 and 5.0 (Hair *et al.*, 2010). The indices of goodness-of-fit (GFI=0.813, AGFI=0.775, CFI=0.868, IFI=0.869 and TLI=0.850) have a value close to the recommended level of 0.9 (Hair *et al.*, 2010).

Furthermore, the badness-of-fit RMSEA is 0.075 and less than the suggested value of 0.08 by Hair *et al.* (2010). The current model is a poor fit and can be further improved through assessment of the maximum likelihood parameter estimates and MIs.



Figure 5.27 Structural Model for Brand Commitment and Its Antecedents/Consequences

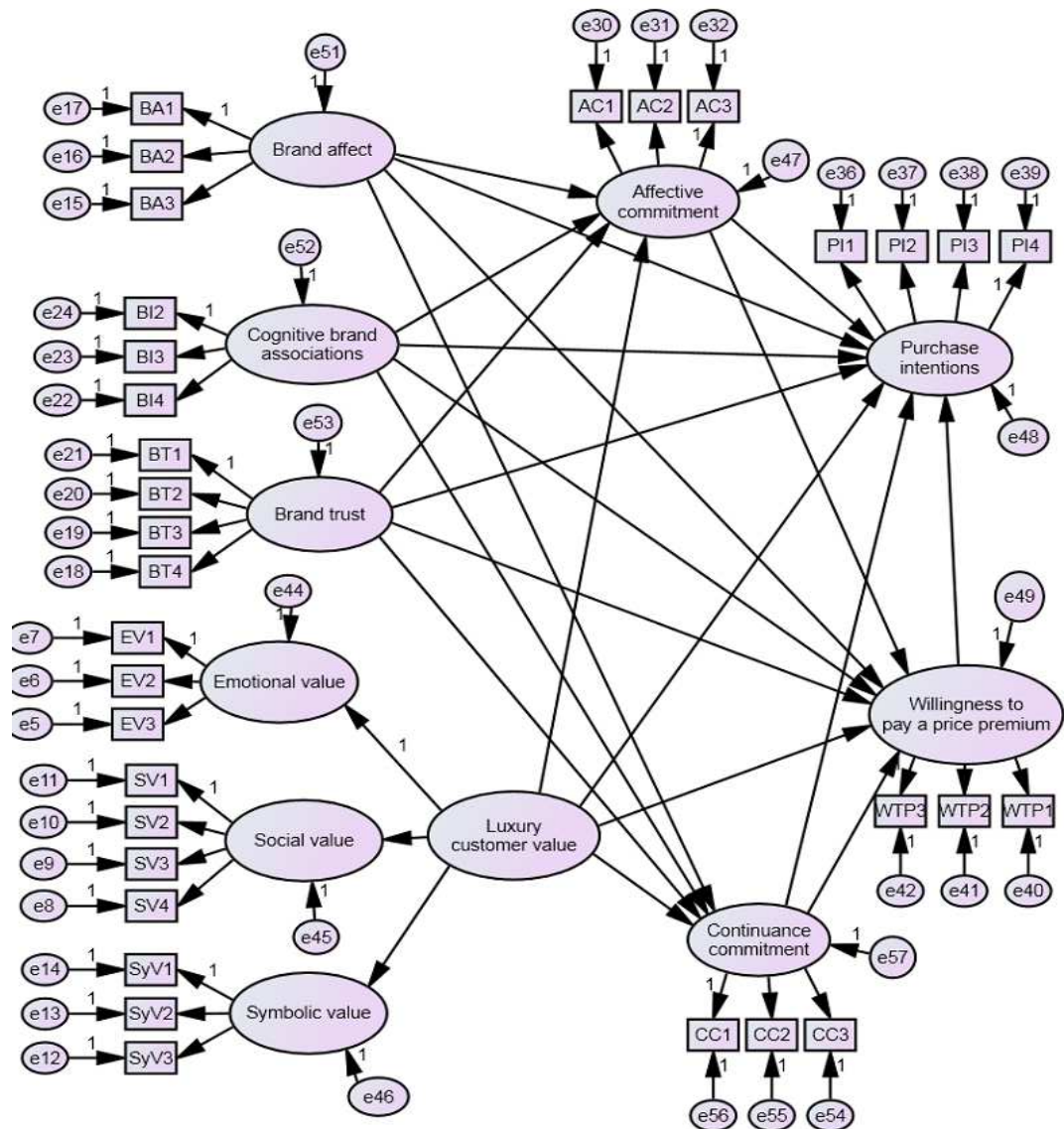


Table 5.47 shows that the largest MI is 213.596, between affective commitment and continuance commitment ( $e47 \leftrightarrow e57$ ). Further, a high level of correlation has been assessed between these two constructs in Table 5.29. Normally, “to combine redundant ones into a composite” is a basic way to deal with a high level of collinearity (greater than 0.8) (Kline, 2011, p. 54). Therefore, the researcher explores merging affective commitment and continuance commitment into one construct.

Table 5.47 Amos Text Output for Model of Brand Commitment and Its Antecedents/Consequences – Modification Indices and Parameter Change Statistics

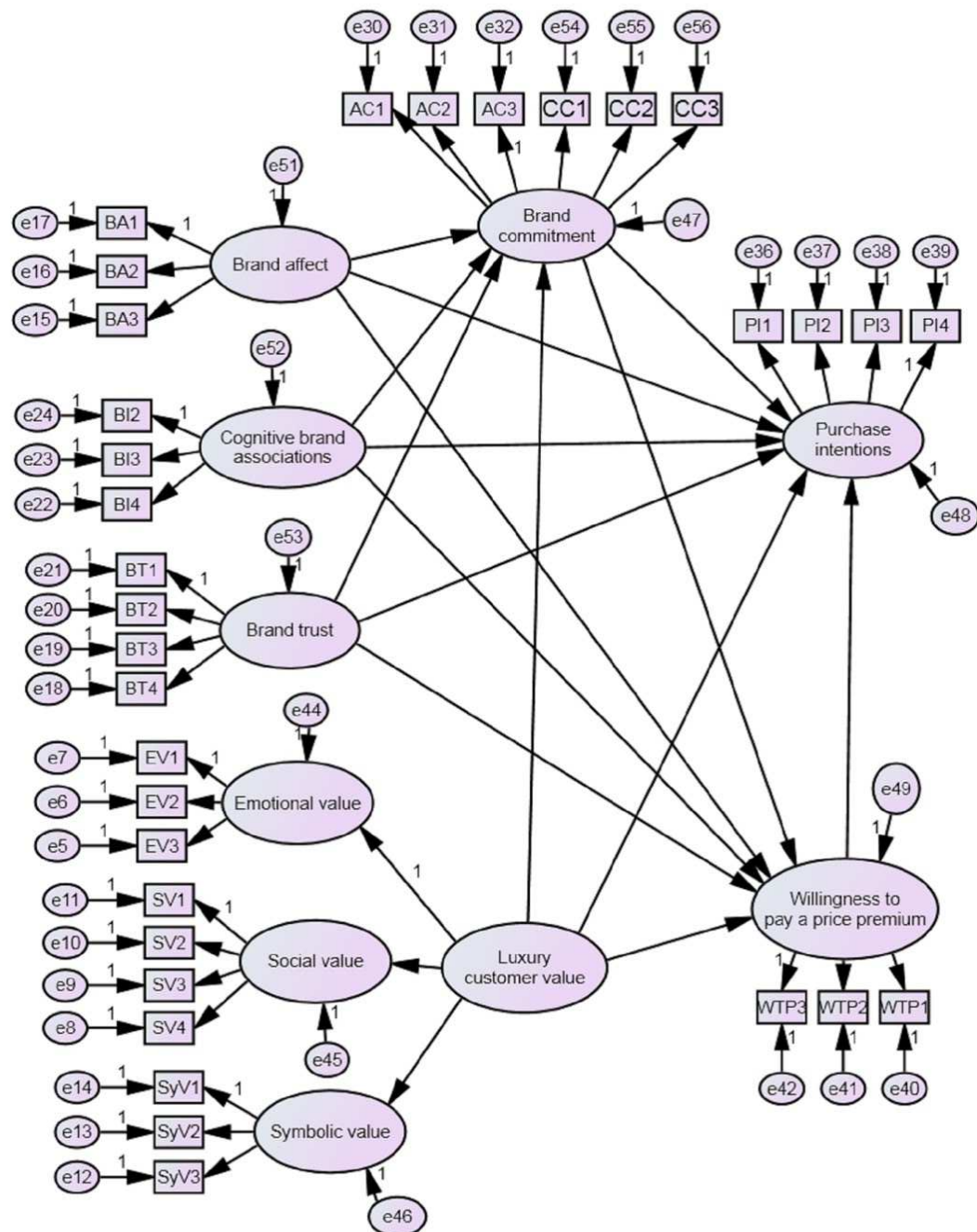
| Covariances:                        |      |                              | M.I.    | Par Change |
|-------------------------------------|------|------------------------------|---------|------------|
| e52                                 | <--> | Luxury customer value        | 56.953  | 0.138      |
| e53                                 | <--> | Luxury customer value        | 97.622  | 0.191      |
| e53                                 | <--> | e52                          | 131.786 | 0.283      |
| e51                                 | <--> | Luxury customer value        | 106.209 | 0.235      |
| e51                                 | <--> | e52                          | 106.614 | 0.300      |
| e47                                 | <--> | e57                          | 213.596 | 0.596      |
| e56                                 | <--> | e47                          | 83.957  | 0.346      |
| Variances<br>Regression<br>Weights: |      |                              | M.I.    | Par Change |
| Continuance commitment              | <--- | Affective commitment         | 112.957 | 0.485      |
| Affective commitment                | <--- | Continuance commitment       | 127.485 | 0.589      |
| Cognitive brand associations        | <--- | Brand trust                  | 131.786 | 0.558      |
| Brand trust                         | <--- | Cognitive brand associations | 131.786 | 0.631      |

Note: MI=Modification Indices.

### 5.8.3.1 Re-Specified Structural Model for Brand Commitment and Its Antecedents/Consequences

The re-specified measurement model, displayed in Figure 5.28, has generated and resulted in observed  $\chi^2$  value decrease from 1774.223 to 1502.034. The value of  $\chi^2/\text{df}$  is 3.182, which is between 2.0 and 5.0 as proposed by Hair *et al.* (2010). The goodness-of-fit indices (GFI=0.833, AGFI=0.802, CFI=0.896, IFI=0.897 and TLI=0.884) are close to the guideline value of 0.9 (Hair *et al.*, 2010). In contrast, the badness-of-fit statistic RMSEA is 0.067, less than the recommended level of 0.08 by Hair *et al.* (2010). In order to see the determination, the model can be further improved; the next stage is to examine the maximum likelihood parameter estimates and MIs.

Figure 5.28 Re-Specified Structural Model for Brand Commitment and Its Antecedents/Consequences



Further, a review of the modification indices in Table 5.48 reveals some values which are significantly large suggesting that the model fit could be further improved (Hair *et al.*, 2010). The largest compared MI is 124.843, between cognitive brand association and brand trust ( $\text{err52} \leftrightarrow \text{err53}$ ). Improved model fit can be done with the re-specification of possibly one pair of correlated items, in this case cognitive brand associations and brand trust in Table 5.48.

Table 5.48 Amos Text Output for Re-specified Model of Brand Commitment and Its Antecedents/Consequences - Modification Indices and Parameter Change Statistics

| Covariances:                        |      |                             | M.I.    | Par Change |
|-------------------------------------|------|-----------------------------|---------|------------|
| e52                                 | <--> | Luxury customer value       | 49.626  | 0.124      |
| e53                                 | <--> | Luxury customer value       | 96.180  | 0.189      |
| e53                                 | <--> | e52                         | 124.843 | 0.268      |
| e51                                 | <--> | Luxury customer value       | 104.011 | 0.231      |
| e51                                 | <--> | e52                         | 101.387 | 0.283      |
| e51                                 | <--> | e57                         | 89.457  | 0.292      |
| e44                                 | <--> | e51                         | 105.888 | 0.290      |
| Variances<br>Regression<br>Weights: |      |                             | M.I.    | Par Change |
| Cognitive brand association         | <--- | Brand trust                 | 124.843 | 0.525      |
| Brand affect                        | <--- | Cognitive brand association | 101.387 | 0.400      |
| Brand trust                         | <--- | Cognitive brand association | 124.843 | 0.616      |
| Cognitive brand association         | <--- | Brand affect                | 101.387 | 0.652      |
| Emotional value                     | <--- | Brand affect                | 105.888 | 0.409      |

Note: MI=Modification Indices.

### 5.8.3.2 Re-Specified Structural Model for Brand Commitment and Its Antecedents/Consequences (I)

The re-specified full measurement model (I) is presented below in Figure 5.29, it estimated and resulted in an acceptable level of model fit: the observed  $\chi^2$  for this model is 1341.094 ( $\chi^2/df=2.847$ ), lower than 5.0 as recommended by Hair *et al.* (2010). The goodness-of-fit index (GFI=0.860, AGFI=0.933, CFI=0.912, IFI=0.913 and TLI=0.901) appears to have a value greater than the proposed value of 0.9 by Hair *et al.* (2010). Further, the badness-of-fit RMSEA is 0.061 and within the values suggested (0.05-0.08) by Hair *et al.* (2010).

Figure 5.29 Re-Specified Structural Model for Brand Commitment and Its Antecedents/Consequences (I)

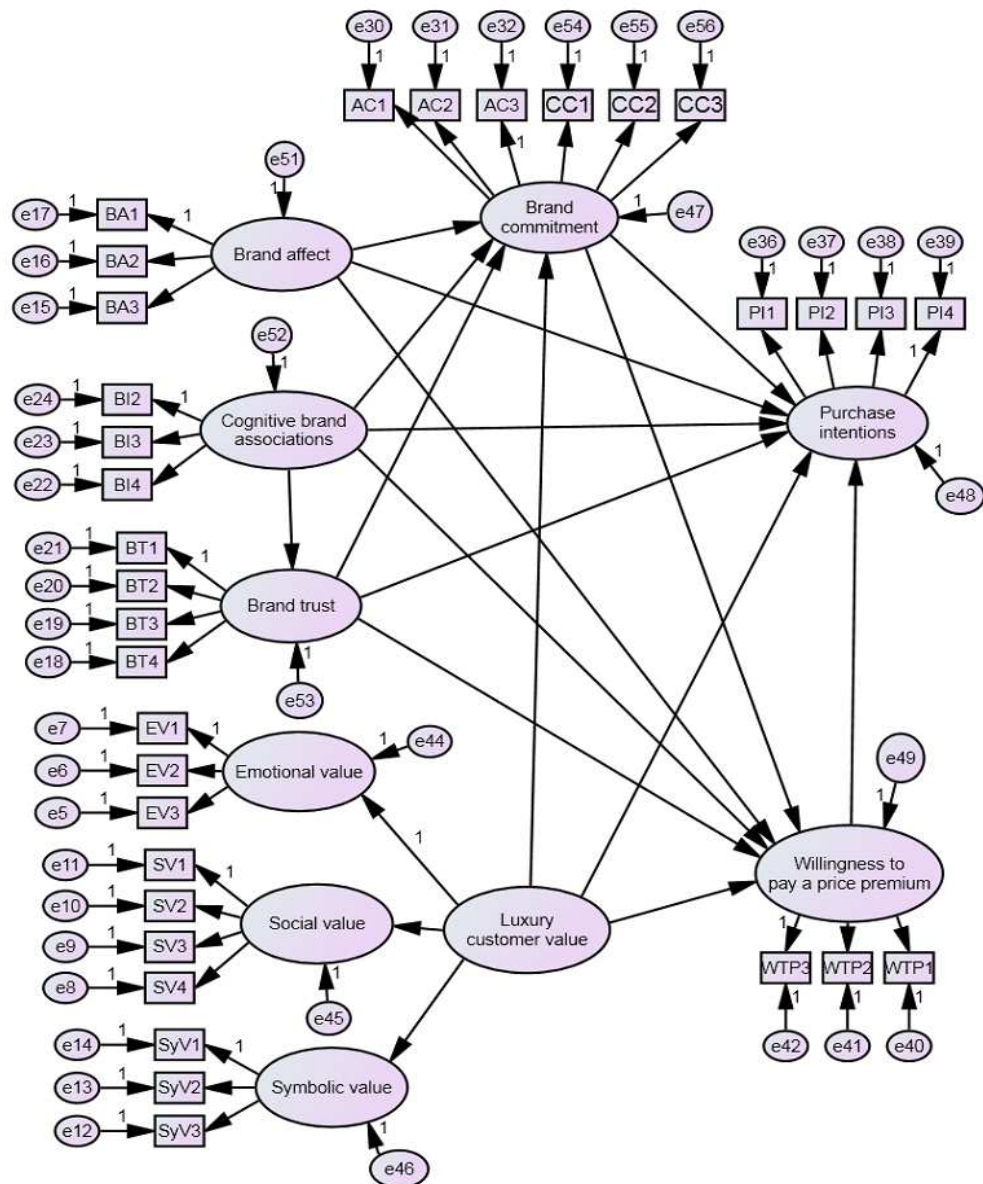


Table 5.49 Selected Amos Text Output for Model of Brand Commitment and Its Antecedents/Consequences (I) - Maximum Likelihood Estimates

| Regression Weights  |      |              |  | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|---------------------|------|--------------|--|-------------------------|-------|--------|-------|-----------------------|
| Brand trust         | <--- | CBA          |  | 0.687                   | 0.066 | 10.355 | 0.000 | 0.640                 |
| BC                  | <--- | Brand affect |  | 0.191                   | 0.052 | 3.688  | 0.000 | 0.177                 |
| BC                  | <--- | CBA          |  | -0.268                  | 0.096 | -2.794 | 0.005 | -0.199                |
| BC                  | <--- | Brand trust  |  | 0.325                   | 0.088 | 3.700  | 0.000 | 0.259                 |
| BC                  | <--- | LCV          |  | 0.707                   | 0.103 | 6.835  | 0.000 | 0.399                 |
| WTP                 | <--- | BC           |  | 0.176                   | 0.082 | 2.144  | 0.032 | 0.115                 |
| WTP                 | <--- | Brand affect |  | -0.110                  | 0.074 | -1.479 | 0.139 | -0.067                |
| WTP                 | <--- | CBA          |  | 0.244                   | 0.137 | 1.784  | 0.074 | 0.119                 |
| WTP                 | <--- | Brand trust  |  | 0.305                   | 0.127 | 2.407  | 0.016 | 0.160                 |
| WTP                 | <--- | LCV          |  | 1.137                   | 0.163 | 6.956  | 0.000 | 0.421                 |
| Purchase intentions | <--- | BC           |  | 0.102                   | 0.063 | 1.609  | 0.108 | 0.089                 |
| Purchase intentions | <--- | WTP          |  | 0.240                   | 0.043 | 5.558  | 0.000 | 0.318                 |

| Regression Weights  |      |              | Unstandardised Estimate | S.E.  | C.R.   | P     | Standardised Estimate |
|---------------------|------|--------------|-------------------------|-------|--------|-------|-----------------------|
| Purchase intentions | <--- | Brand affect | 0.209                   | 0.058 | 3.583  | 0.000 | 0.169                 |
| Purchase intentions | <--- | CBA          | -0.122                  | 0.106 | -1.145 | 0.252 | -0.079                |
| Purchase intentions | <--- | Brand trust  | 0.563                   | 0.103 | 5.441  | 0.000 | 0.391                 |
| Purchase intentions | <--- | LCV          | 0.169                   | 0.122 | 1.386  | 0.046 | 0.583                 |
| Emotional value     | <--- | LCV          | 1.000                   |       |        |       | 0.667                 |
| Social value        | <--- | LCV          | 2.226                   | 0.206 | 10.826 | 0.000 | 0.882                 |
| Symbolic value      | <--- | LCV          | 2.292                   | 0.209 | 10.947 | 0.000 | 0.853                 |

Model Fit:  $\chi^2=1341.094$  ( $\chi^2/\text{df}=2.847$ ); GFI=0.860; AGFI=0.833; CFI=0.912; IFI=0.913; TLI=0.901; RMSEA=0.061, CBA=Cognitive Brand Associations, BC=Brand Commitment, LCV=Luxury Customer Value, WTP=Willingness to Pay a Price Premium, CR=Construct Reliability, SE=Standard Error.

The original structural model initially showed an unacceptable level of fit. Through an iterative process, including the examination of the normalised residuals, the modification indices and the path between cognitive brand associations and brand trust added into this model, it has clearly been improved to a more acceptable fitness level, demonstrated in Table 5.50.

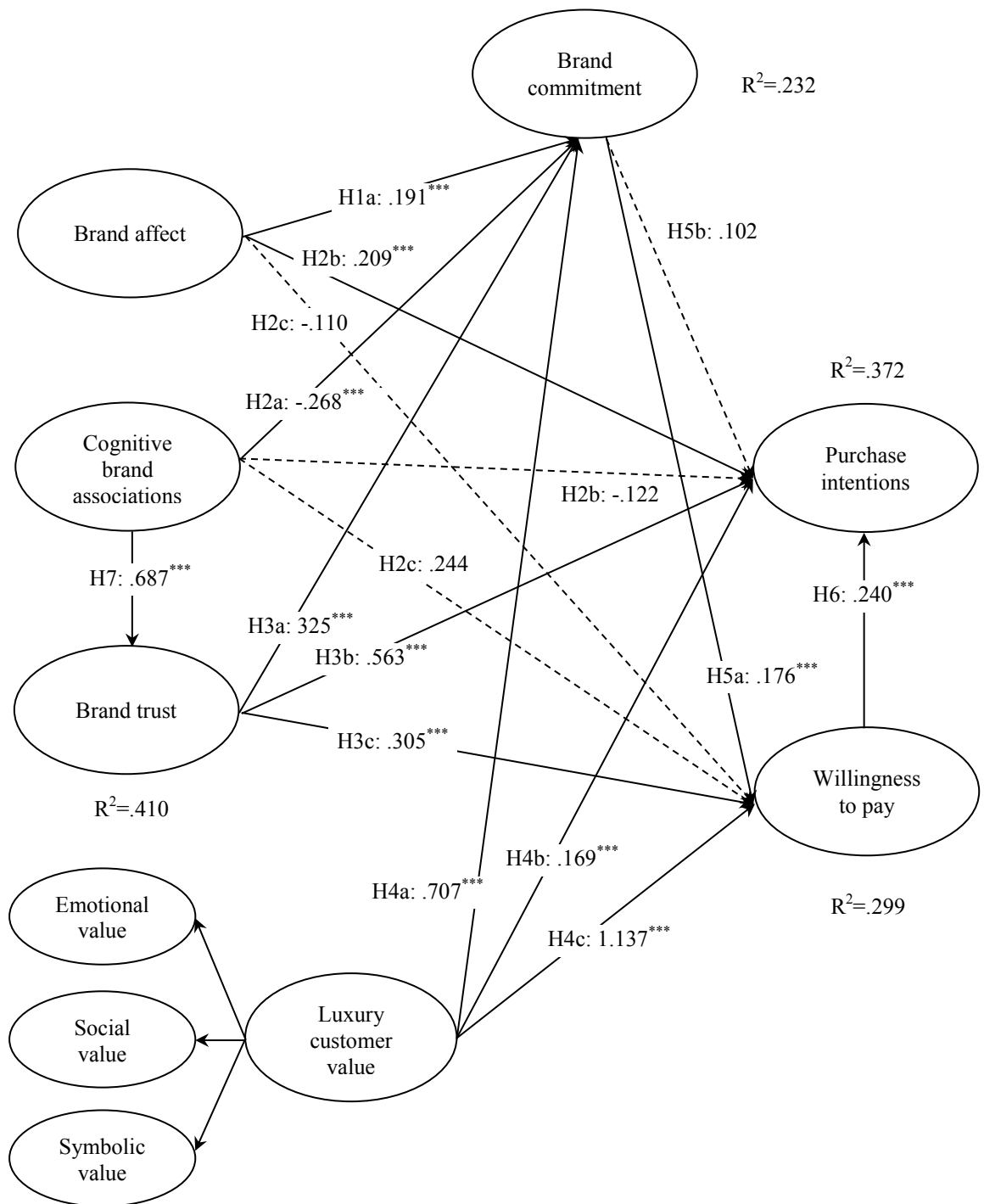
Table 5.50 Iterations to Model to Improve Measure of Fit

|                                | Original model | Model I  |
|--------------------------------|----------------|----------|
| <b>Path</b>                    |                | CBA→BT   |
| $\chi^2$                       | 1502.034       | 1314.094 |
| $\chi^2/\text{df}$             | 3.182          | 2.847    |
| <b>GFI</b>                     | 0.833          | 0.860    |
| <b>AGFI</b>                    | 0.802          | 0.833    |
| <b>CFI</b>                     | 0.896          | 0.912    |
| <b>IFI</b>                     | 0.897          | 0.913    |
| <b>TLI</b>                     | 0.884          | 0.901    |
| <b>RMSEA</b>                   | 0.067          | 0.061    |
| <b>R<sup>2</sup></b>           |                |          |
| <b>Brand commitment</b>        | 0.239          | 0.232    |
| <b>Purchase intentions</b>     | 0.371          | 0.372    |
| <b>Willingness to pay more</b> | 0.283          | 0.299    |
| <b>Brand trust</b>             |                | 0.410    |

**Note:** CBA=Cognitive Brand Associations, BT=Brand Trust.

### 5.8.3.3 Assessment of Model for Brand Commitment and Its Antecedents/Consequences

Figure 5.30 Proposed Model for Brand Commitment and Its Antecedents/Consequences





Inspection of the path coefficients in Figure 5.30 present the assessment of the initial hypotheses listed at the start of this findings chapter. The outcomes of this assessment are displayed in Table 5.51.

Table 5.51 Structural Parameters of Brand Commitment with Antecedents/Consequences

|            | Hypotheses                                    | Path coefficients | Direction | Significance level | Decision     |
|------------|---|-------------------|-----------|--------------------|--------------|
| <b>H1a</b> | Brand affect→<br>Brand commitment             | 0.191             | Positive  | $p=0.000$          | H1a accepted |
| <b>H1b</b> | Brand affect→<br>Purchase intentions          | 0.209             | Positive  | $p=0.000$          | H1b accepted |
| <b>H1c</b> | Brand affect→<br>Willingness to pay           | -0.110            | Negative  | $p=0.139$          | H1c rejected |
| <b>H2a</b> | Brand image→ Brand<br>commitment              | -0.268            | Negative  | $p=0.005$          | H2a rejected |
| <b>H2b</b> | Brand image→<br>Purchase intentions           | -0.122            | Negative  | $p=0.252$          | H2b rejected |
| <b>H2c</b> | Brand image→<br>Willingness to pay            | 0.244             | Positive  | $p=0.074$          | H2c rejected |
| <b>H3a</b> | Brand trust→ Brand<br>commitment              | 0.325             | Positive  | $p=0.000$          | H3a accepted |
| <b>H3b</b> | Brand trust→ Purchase<br>intentions           | 0.563             | Positive  | $p=0.000$          | H3b accepted |
| <b>H3c</b> | Brand trust→ Willingness to<br>pay            | 0.305             | Positive  | $p=0.016$          | H3c accepted |
| <b>H4a</b> | Luxury customer value→<br>Brand commitment    | 0.707             | Positive  | $p=0.000$          | H4a accepted |
| <b>H4b</b> | Luxury customer value→<br>Purchase intentions | 0.169             | Positive  | $p=0.000$          | H4b accepted |
| <b>H4c</b> | Luxury customer value→<br>Willingness to pay  | 1.137             | Positive  | $p=0.000$          | H4c accepted |
| <b>H5a</b> | Brand commitment→<br>Purchase intentions      | 0.102             | Positive  | $p=0.108$          | H5a rejected |
| <b>H5b</b> | Brand commitment→<br>Willingness to pay       | 0.176             | Positive  | $p=0.032$          | H5b accepted |
| <b>H6</b>  | Willingness to pay→<br>Purchase intentions    | 0.240             | Positive  | $p=0.000$          | H6 accepted  |
| <b>H7</b>  | Brand image→<br>Brand trust                   | 0.687             | Positive  | $p=0.000$          | H7 accepted  |

The results demonstrate that brand affect displays positive and significant association with each of brand commitment ( $\beta=0.191$ ,  $p<0.001$ ) and purchase intentions ( $\beta=0.209$ ,  $p<0.001$ ), thus H1a and H1b are supported. In contrast, brand affect and willingness to pay a price premium is insignificant, with  $\beta=-0.110$ ,  $p<0.139$ , and thus H1c is not supported. In this study, a negative and significant association was determined between cognitive brand association and brand commitment ( $\beta=-0.268$ ,  $p<0.005$ ), therefore H2a is not supported given the study direction indication. Furthermore, cognitive brand association and purchase intention is insignificant ( $\beta=-0.122$ ,  $p=0.252$ ). Thus H2b is rejected and additionally insignificant. The path between brand image (i.e. cognitive brand association) and



willingness to pay more has a coefficient of 0.244, but is statistically insignificant; again the findings do not support H2c.

The various relationships based on brand trust as an antecedent to each of brand commitment, purchase intentions and willingness to pay more, yield respective regression coefficients of 0.325, 0.563 and 0.305, suggesting moderate relationships. The three paths are also statistically significant and at the 1% level, thus supporting H3a, H3b and H3c. Luxury customer value displays positive and significant association with each of brand commitment, purchase intention and willingness to pay more, the respective path coefficient and significant value  $\beta=0.707, p<0.001$ ;  $\beta=0.169, p<0.001$ ;  $\beta=1.137, p<0.001$ . Therefore H4a, H4b and H4c are supported, all again at the 1% significance level.

The paths in the structural equation model involving brand commitment with purchase intentions and willingness to pay more have also been assessed. For purchase intentions, the path coefficient is 0.102 but is statistically insignificant, thus the result does not support H5a. For willingness to pay more, the path has a coefficient of 0.176 and is statistically significant at the 5% level ( $p=0.032$ ); therefore H5b is supported. Moreover, the path between willingness to pay more and purchase intentions is positive and significant, with  $\beta=0.240, p<0.001$ , thus H6 is supported. Finally, H7 is supported as the direct relationship between cognitive brand association and brand trust is strongly positive statistically significant ( $\beta=0.687, p<0.001$ ).

The model yields a squared multiple correlation value for brand commitment as the mediator variable of 0.232. It also yields a square multiple correlation value for purchase intentions and willingness to pay a price premium as the dependent variables of 0.372 and 0.299 respectively.

## 5.9 Chapter Summary

In this chapter, the demographic information of the respondents is summarised. It suggests that participant profiles accord with a number of recent China-based studies relevant to luxury brand consumption. Given the similarity of profiles, some inference can be made. It also introduced the types of data analyses used and demonstrated the reliability and validity of the main survey constructs. Each proposition was explicitly stated, tested and conclusions were provided.

This chapter has detailed the iterative process applied to obtain estimates of free parameters until the values of the elements in the residual matrix reached an acceptable level on either goodness-of-fit or badness-of-fit indices. Further, a total of 16 hypotheses were of the complexity of the relationship presented.

The measurement and structural results of brand commitment and its antecedents is evaluated and presented. The modified model (Figure 5.28) offers an acceptable fit to the data and it explains a slightly lower portion ( $R^2=23.1\%$ ) of the variance associated with brand commitment accounted by its antecedents in buying luxury brands.

The results highlight the importance of luxury customer value that has a strong effect on the formation of brand commitment in these analysis statistics. Luxury customer value was evaluated as the most important factor influencing brand commitment in this study ( $\beta=0.707, p<0.001$ ). Moreover, it found that luxury customer value has the most powerful impact on willingness to pay more ( $\beta=1.137, p<0.001$ ) among four antecedent predictors. Brand trust is the most important factor in the formation of purchase intentions toward luxury brands ( $\beta=0.563, p<0.001$ ). The final model yields a square multiple correlation value for brand commitment as the mediator variable of 0.232, purchase intentions and willingness to pay a price premium as the dependent variables of 0.372 and 0.299 respectively.

In the next chapter, the assessment of the final statistical model is discussed by further involving appropriate synthesis with the extant consumer marketing literatures. By doing this, an indication will be given of the extent to which the study either upholds, adapts or rejects established literatures about consumer behaviour in a luxury brand context.

## **CHAPTER 6: DISCUSSION**

### **6.0 Overview of Chapter**

This chapter discusses the empirical findings generated from the theoretical model and hypotheses developed for this study and presented in Chapter 5. Specifically, the objective of this chapter is to present a critical evaluation of the findings provided by the structural equation modelling (SEM) assessed in tandem with the extant marketing literature, and by doing so develop an insight into the contribution provided by this research. The motivation for this empirical study stemmed from theoretical literature in Chapter 2 and Chapter 3, where it emerged that little is known about the extent to which brand commitment influences consumer purchase intention toward luxury brands. The following discussion will relate the findings presented in Chapter 5 to the research objectives outlined in Chapter 1 in order to establish how the work carried out within this thesis relates to existing published research and builds upon it by making a contribution in its own right. Table 6.1 outlines the research questions and research objectives, and also illustrates the hypotheses which have been tested in Chapter 5 in order to achieve the research objectives and provide the answer for the research questions.

This chapter starts with a discussion of the initially proposed hypothesised relationships and their implications, followed by a discussion of the statistically significant paths established by SEM analysis. Following from this, the results relating to the initially proposed research questions are discussed in turn. Finally, conclusions are drawn highlighting this study's individual contribution to the assessment of luxury brand buying behaviour specifically in the Chinese context.

Table 6.1 Research Questions and Hypotheses

| Research Questions  | Research Objectives  | Hypotheses  |
|---|--|---|
| 1. What are the significant antecedents in determining brand commitment in luxury brand buying behaviour?   | 1. To review critically the extant literature relating to antecedents and consequences of brand commitment in luxury brand consumption behaviour.  |   |
| 2. What are the significant consequences determined by brand commitment in luxury brand buying behaviour?   |  |   |
| 3. What are the key factors influencing brand commitment in the luxury brand buying behaviour?  | 2. To clarify which of the antecedents of brand commitment (brand affect, brand image, brand trust and luxury customer value) have the most influential effect on brand commitment.  | H1, H2, H3 and H4: Brand affect, brand image, brand trust, and luxury customer value has a positive impact on brand commitment for luxury brands. (Figure 5.26, Chapter 5)  |
| <b>(Main Research Question)</b><br><br>“What are the key factors influencing Chinese consumers’ buying behaviour toward Western luxury brands in mainland China?” | 3. To examine the relationships between the antecedents of brand commitment (brand affect, brand image, brand trust and luxury customer value) and the consequences of brand commitment (purchase intentions and willingness to pay a price premium) for the luxury brands.<br><br>4. To identify which factors (brand affect, brand trust, brand image, luxury customer value) impact most significantly on brand commitment, and in turn on consumer buying intentions (purchase intentions and willingness to pay a price premium). | H1a-c: Brand affect has a positive impact on brand commitment, purchase intentions and willingness to pay more for luxury brands.<br>H2a-c: Brand image has a positive impact on brand commitment, purchase intentions and willingness to pay more for luxury brands.<br>H3a-c: Brand trust has a positive impact on brand commitment, purchase intentions and willingness to pay more for luxury brands.<br>H4a-c: Luxury customer value has a positive impact on brand commitment, purchase intentions and willingness to pay more for luxury brands.<br>H5a-b: Brand commitment has a positive impact on purchase intentions and willingness to pay more for luxury brands.<br>H6: Willingness to pay a price premium has a positive impact on purchase intentions for luxury brands. (Figure 5.30, Chapter 5) |

## **6.1 Contribution to Knowledge**

Given the nature of the research conducted, the researcher contends that this study directly adds to the existing body of knowledge in luxury brand marketing and associated consumption.

### **6.1.1 Antecedents to Brand Commitment**

This study has determined that three of the four established consumer-brand relationship constructs – brand affect, brand trust, and luxury customer value – can be considered as significant antecedents to brand commitment. These findings display similarities with existing published research. In particular, this study adds to existing knowledge in determining luxury customer value as the most important antecedent in its influence on brand commitment. This highlights that luxury customer value has an important role to play in the building of consumer-brand relationships in the context of luxury brand consumption, particularly within the area of the Chinese marketplace. Building a strong consumer relationship through achieving luxury customer value is considered as the key success factor for luxury brands and, as such, the findings here can be implemented as appropriate to consumer-brand relationship assessment.

### **6.1.2 Consequences of Brand Commitment**

The concept of two consequences of brand commitment assessment is developed in this study. An original contribution is made by not only delineating the two consequences – purchase intention and willingness to pay a price premium – but also by identifying the willingness to pay a price premium as marginally the key consequence of brand commitment. Although contextual consequences of brand commitment were introduced in the consumer-brand relationship literature by Fullerton (2003) and Keh and Xie (2009), there has been no subsequent development of this area of luxury brand consumer behaviour. Previous findings have been extended in this study and a new model has been developed as a consequence.

### **6.1.3 Empirical Contribution to the Luxury Customer Value Framework**

This study has contributed to the existing body of knowledge through examining the luxury customer values that positively influence Chinese consumer buying behaviour – purchase intention and willingness to pay a price premium – as indicated above. Despite extant consumer marketing research having contributed to the identification and conceptualisation of luxury customer value in the Western context (Smith & Colgate, 2007; Christodoulides *et al.*, 2009; Tynan *et al.*, 2009; Wiedmann *et al.*, 2009), this work has confirmed the conceptualisation of a customer value structure for luxury brands in the Chinese market, thereby extending a recent study carried out by Choo *et al.* (2012).

### **6.1.4 Contributions to the Understanding of Behavioural Intentions toward Luxury Brands**

A further contribution made by this research is to provide a theoretical model that presents Chinese consumers' consumption of luxury brands by integrating the existing models from Chaudhuri and Holbrook (2002) and Choo *et al.* (2012). The proposed model was based on the literature and was supported by empirical testing. By doing so, this study provides a new insight and makes a contribution to the brand commitment literature (Fullerton, 2003). By highlighting the impact of three antecedent factors – brand affect, brand trust and luxury customer value – on brand commitment, and also by revealing the effect of brand commitment on consumer purchase intention and willingness to pay a price premium, the presented research extends prior results and posits that brand commitment results from a range of consumer-brand relationships beyond the very important construct of brand trust (Chaudhuri & Holbrook, 2001) or luxury customer value (Li *et al.*, 2012). However, the relative impact of each of the identified antecedents of brand commitment and the resultant consumer behavioural intentions might change over time, since a consumer's concept of luxury and luxury brands has the potential to change based on their individual needs. The current theoretical model is both relevant to the Chinese Tier 1 locations and has the potential to be adopted by Tier 2 and Tier 3 cities in China, anticipated growth areas for luxury brand consumption (Li *et al.*, 2012).

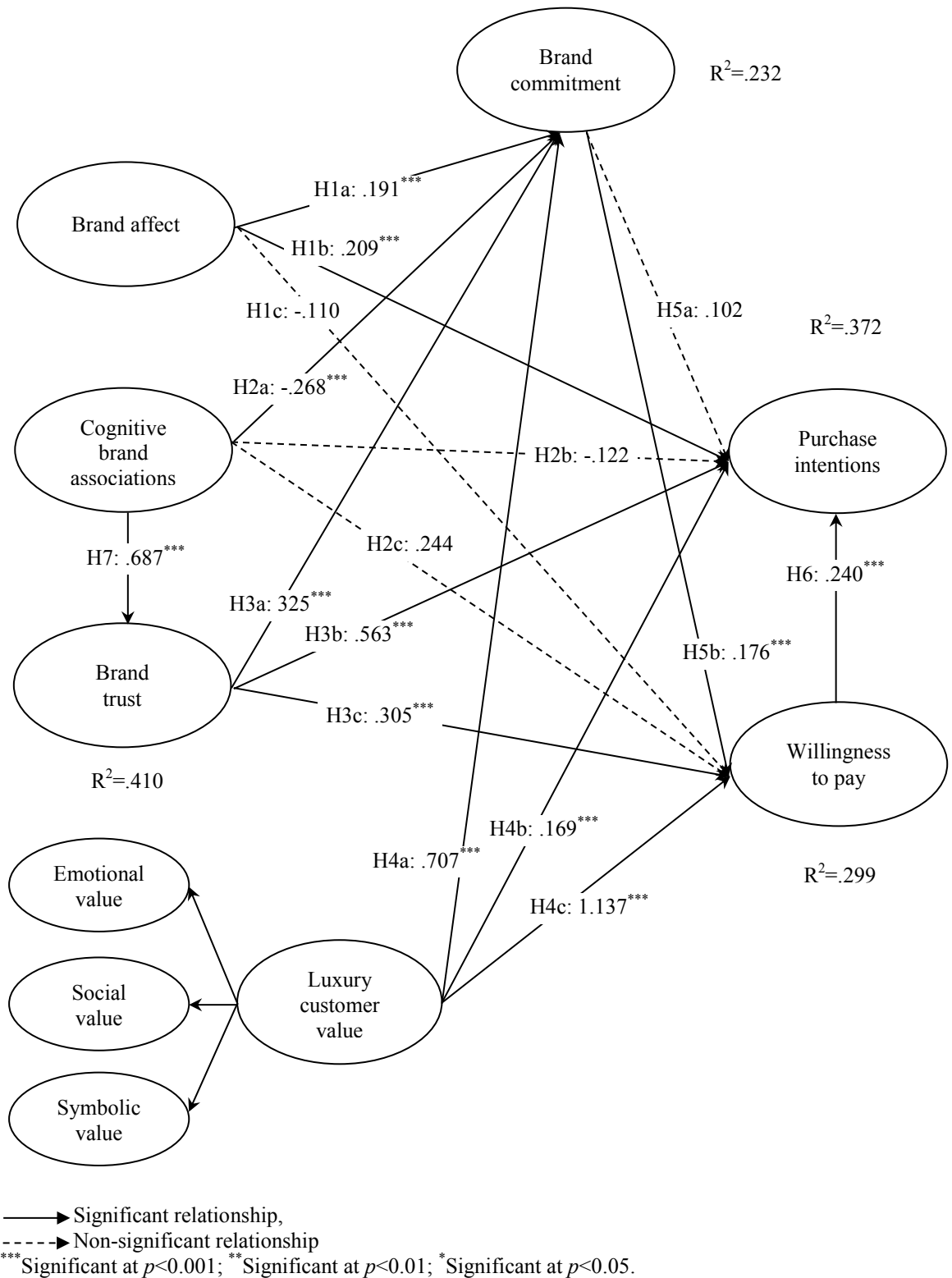
### **6.1.5 The Role of Brand Commitment**

This study's contribution comes from the comparison of the predictive ability of the relational constructs in the model. Palmatier *et al.* (2006) indicated that the marketing literature is potentially lacking in such comparisons. Brand commitment has a greater influence on willingness to pay more ( $\beta=0.176, p=0.032$ ) than the direct effects of brand affect ( $\beta=-0.110, p=0.139$ ) or cognitive brand association ( $\beta=0.224, p=0.074$ ). Brand commitment provides a measurement of consumer relationships that are relatively stable, strong and characterised by an intense psychological state or attitude toward maintaining the relationship.

## **6.2 Discussion of Model Estimation and Hypotheses Tests Results**

The results from the SEM analysis presented in Chapter 5 indicate that a total of 16 hypotheses that combine to provide the initial hypothesised model (see Figure 6.1 below) are supported empirically. Furthermore, one pair of newly specified relationships, between cognitive brand association and brand trust, is identified based on SEM analysis in Chapter 5.

Figure 6.1 The Proposed Model for Brand Commitment and Its Antecedents/Consequences





### 6.2.1 Assessment of the Initial Hypothesised Model

**H1a posited that brand affect has a positive impact on brand commitment for luxury brand.**

The relationship between brand affect and brand commitment is found to be statistically significant ( $\beta=0.191$ ,  $p<0.001$ ). This finding resonates with Chaudhuri and Holbrook (2002) that brand affect as an affective attitude influences brand commitment. Brand affect describes consumer emotions of being happy and feeling good, and luxury brands provide pleasure, as defined by the construct and constituent item used in this study. The underlying rationale for the affect-commitment relationship suggested by Chaudhuri and Holbrook (2001) is that where consumer feelings are optimistic; these underpinning emotions toward the related luxury brands will encourage future purchase intentions through an individual's increased sense of brand commitment. In developing commitment, the role of affect is also recognised positively for its parallel contribution to trust development (Chaudhuri & Holbrook, 2001; 2002). In the latter, suggestion is made that the marginally stronger of the two determinants has potential to vary, this variate being brand dependent. Song *et al.* (2012) discovered that brand affect drives brand loyalty, but only through brand trust acting in a mediating role. This would suggest that brand affect alone is not sufficiently adequate in building brand loyalty and that the specific mediating role of brand trust is necessary to successfully put in place and sustain longer-term consumer-brand relationships (Song *et al.*, 2012). Matzler *et al.* (2008) pointed to the intermediary significance of both brand affect and brand trust, providing a path between consumer risk aversion and brand loyalty, defined dually in terms of both purchase loyalty and attitudinal loyalty. Contrasting evidence is provided by Kim *et al.* (1998), who indicate the relative importance of brand affect on consumer attitude, with or without consumer belief in the product concerned. Given the role of brand affect recognition, consumer brand affect positively leads to brand commitment in luxury brandconsumption, which is further supported in the study in the Chinese context.

**H1b posited that brand affect has a positive impact on purchase intentions for luxury brand.**

Brand affect has also been determined has having a positive association with purchase intentions in this study ( $\beta=0.209$ ,  $p<0.001$ ), which supports the previous work of

Chaudhuri and Holbrook (2001, 2002) and Bian and Forsythe (2012). This result suggests that conveying positive emotions toward the luxury brands directly motivates these Chinese consumers to make further purchases. A general positive feeling toward brands is often reported in elicitation sessions. For instance, the item of “This brand makes me feel good” is used as an indicator in the brand affect construct in the study (Chaudhuri & Holbrook, 2001; 2002). It is important to note that, emotional responses toward brands represent a strong predictor of purchase intention (Morris *et al.*, 2002), emotional being determined by these authors as accounting for more than twice the variance of that provided by its cognitive equivalence. In particular, consumers receive a number of commercial messages in relation to the brands and these advertisements have the potential to prompt emotional consumer responses that can significantly affect future purchase intentions (Morris *et al.*, 2002). Consumers who feel good and are pleased with the purchase of a brand may repurchase the same brand even when provided with other options (Gobe, 2001), while the extant literature suggesting that consumers are affect-oriented when they consider purchasing luxury brands is readily available (Knight & Kim, 2007; Kumar *et al.*, 2009). This study clearly demonstrates that brand affect plays a critical role in forming Chinese consumer purchase intention toward luxury brands.

**H1c posited that brand affect has a positive impact on willingness to pay a price premium for luxury brands.**

From the empirical results of this study, there is found to be no association between brand affect and willingness to pay a price premium ( $\beta=-0.110$ ,  $p=0.139$ ). This result suggests that the emotional response a Chinese consumer has to their luxury brands has no significant impact on the willingness to pay a price premium for them. Despite the large number of studies focused on brand affect on customer purchase intentions, limited research has been conducted to date on consumers’ potential willingness to pay more. Reviewing prior literature indicated that brand affect is positively related to favourable consumer intentions such as brand commitment (Chaudhuri & Holbrook, 2002; Matzler *et al.*, 2008) and purchase intention (Kumar *et al.*, 2009; Bian & Forsythe, 2012), which is supported here. The further behaviour of actually paying more is seen to have no influence on either, in terms of strength or statistical significance.

**H2a posited that cognitive brand association has a positive impact on brand commitment for luxury brands.**

This study has pointed to a significant negative causal path between cognitive brand associations and brand commitment ( $\beta=-0.268, p<0.05$ ). The study reveals that cognitive brand association contributes to brand commitment, but in a negative sense. Hypothesis 2 (Figure 5.26, Chapter 5) is theoretically supported by long-established extant Western-based research, brand image being recognised as important to consumers during their selection with image influencing subsequent buyer behaviour. The importance of the role played by image here is perhaps contrary to previous research findings that consumers prefer to maintain long-term consumer-brand relationships with luxury brands based upon cognitive brand associations (Chaudhuri & Holbrook, 2002; Ogba & Tan, 2009; Hung *et al.*, 2011; Shukla, 2011). Where image is to play a part, a positive significant path from brand image (cognitive brand association) to brand commitment has been proposed in prior studies. For instance, Ogba and Tan (2009) found that brand image was an important precursor to brand commitment, this being specifically assessed with reference to Chinese consumer buying behaviour within the mobile phone market. Cognitive brand association emphasises the luxury products' physical attributes, underlying craftsmanship, ability to function and performance at a high level (Vigneron & Johnson, 2004). The Chinese luxury market currently positioned at 'showing off' stage, consumer behaviour have demonstrated a more socially or symbolically orientation towards consuming Western luxury brands rather than functionally orientated luxury brand consumption. Therefore, the luxury products' attribute does not drive Chinese consumers to build a long-term orientation. In contrast, the consumers are holding a perception that a symbolic meaning carried by Western luxury brands, help to increase the level of social status acceptance, while flaunting their wealthy and success (Hung *et al.*, 2011). It also provides opportunities for future research.

**H2b posited that cognitive brand association has a positive impact on purchase intentions for luxury brands.**

This study has further revealed that there is no relationship between cognitive brand association and purchase intentions toward the luxury brand ( $\beta=-0.122, p=0.252$ ). This result is consistent with the work of Shukla (2011) and Wiedmann *et al.* (2011), who found that brand image does not influence consumer purchase intention directly. However, brand

image has been found to significantly moderate the relationships between brand trust and brand commitment, purchase intention and willingness to pay a price premium (Chaudhuri & Holbrook, 2002; Louis & Lombart, 2010). Consumers buy branded products for two main reasons: physical product attributes and the intangible brand image associated with the product. This holds particularly true for luxury products, where luxury can be measured by the image held by its consumers comparing a composite of quality, price and exclusivity (Hieke, 2010). This image may appeal to consumers at a functional or symbolic level, as certain brands satisfy either or both functional and practical needs (quality and durability) as well as emotional and symbolic needs (self-expression, social identification and status) (Del Rio *et al.*, 2001). For instance, the consumer's image of luxury brands can foster loyalty: enhanced desire to purchase or make preference for a particular brand is driven by the perceived exclusivity and rareness of a limited product (Wiedmann *et al.*, 2011). The desire of the consumers for differentiation and exclusivity can only be fulfilled by the consumption of the particular brand (Vigneron & Johnson, 2004). In short, brand image creates a particular value for the customers (Wiedmann *et al.*, 2011), and as such this additional value can be an important driver in the assessment of future customer purchase intention (Bian & Forsythe, 2012).

**H2c posited that cognitive brand association has a positive impact on willingness to pay a price premium for luxury brands.**

The relationship between cognitive brand association is found to be statistically insignificant in the study, cognitive brand associations being found not to influence consumers' willingness to pay more ( $\beta=0.244$ ,  $p=0.074$ ). This result contradicts previous findings that brands with a positive image can generate a willingness to pay a price premium (Park & Srinivasan, 1994; Rodolfo *et al.*, 2002; Persson, 2010; Wiedmann *et al.*, 2011). If the consumer perceives an added value (achieved through the image), the brand equity rises and the consumers' willingness to pay more is higher than that for an alternative brand with a less positive image. According to KPMG (2013) reports, approximately 88% of Chinese indicated they would be willing to pay a premium for luxury brands that display high quality and durability; 80% indicated exclusivity and uniqueness as key factors, while 72% of respondents suggested that brand heritage plays a significant role in willingness to pay more. In determining the payment behaviour, the insignificant role of image indicated by this study is therefore inconsistent with the above reports. It could perhaps be explained by participants in the study presented thinking that

they had a more emotional association with luxury brands than with the utilities of the luxury product when it came to solving purchasing decisions.

**H3a posited that brand trust has a positive impact on brand commitment for luxury brands.**

Trust and commitment are established central constructs in the relationship marketing literature. The importance of trust as a precursor to initiating valued relationships and embedding commitment between suppliers and consumers in long-term consumer-brand relationships is highly endorsed (Gundlach *et al.*, 1995; Chaudhuri & Holbrook, 2002; Sung & Campbell, 2009; Jahn *et al.*, 2012). The results revealed that a positive path exists between brand trust and brand commitment ( $\beta=0.325$ ,  $p<0.001$ ). This finding is consistent with Albert *et al.* (2013); one of the key antecedents of brand commitment is brand trust and it is confirmed to have a positive effect on brand commitment.

This finding gives empirical support to the theorised arguments put forward in the first instance by Morgan and Hunt (1994) – trust being a key variable in the development of an enduring consumer relationship; for example, with a luxury brand in the present study. In the context of the research presented in this thesis, brand trust has more impact than brand affect for building brand commitment, thereby confirming the findings of Chaudhuri and Holbrook (2001). Hess and Story (2005) point out that affectively committed relationships between two parties are built on such trust. Since affective commitment involves consumer emotions and attachment, they are unlikely to commit unless trust has already been established (Garbarino & Johnson, 1999). In the Chinese luxury brand consumption context, a long-term relationship between customers and luxury brands is characterised by an emotional connection that depends largely on trust, since commitment incorporating its various dimensions is associated with potential vulnerability and sacrifice due to the large amount of money and effort involved. The trust-commitment based consumer-brand relationship has been demonstrated from the findings of this PhD, as the pivotal factors in predicting consumers' buying intentions toward Western luxury brands. Successful development of trust and commitment may then lead to a positive experience of a relationship between the customer and the luxury brand, and denoting a long-term orientation, including the feeling of attachment to a relational partner and desire to maintain a lasting relationship. Trust and commitment also plays a crucial role in increasing customer retention and long-term loyalty to the brand.

### **H3b posited that brand trust has a positive impact on purchase intentions for luxury brands.**

A path between brand trust and purchase intentions is found in this study to be significant at the level of 1% ( $\beta=0.563$ ). This result shows that brand trust is positively associated with purchase intentions toward luxury brands. This finding corroborates extant research that trust represents the dominant antecedent to purchase intention (Zboja & Voorhees, 2006; Rauyruen & Miller, 2007; Kim & Ko, 2010; Hong & Cha, 2013), suggesting that consumers may evaluate luxury goods on the basis of functional benefits that are manifestly superior through cutting-edge technology, excellent quality, prestige and workmanship relative to the competitors, which in turn generates a higher level of brand trust and resultant higher purchase intention.

Consumer brand trust is therefore a valuable and significant asset for a company. If a luxury brand no longer meets the quality expectations of a customer, another brand will be selected. Consequently, luxury goods producers will lose the specific consumer-brand relationship that has been built. The analysis presented as part of this study confirmed that brand trust plays an important role in this exchange relationship. Its significant role further reinforces the perception that brand trust reduces the level of consumer uncertainty or ambiguity, thereby generating confidence.

From a consumer buying behaviour perspective, trust is crucial when establishing consumer perception and influencing further purchase decisions (Kim *et al.*, 2010). Accordingly, a path between brand image and brand trust is statistically significant in a positive sense. This result supports the assertion that brand image exerts a strong effect on brand trust, implying that a well-established brand image may have a valuable role to play in inspiring a high level of consumer confidence and, in turn, increasing purchase intention (Esch *et al.*, 2006). The results also show that brand trust toward a specific luxury product mediates the brand image with regard to purchase intentions and willingness to pay a price premium. Therefore, brand trust plays a mediator role in predicting Chinese luxury consumer purchase intentions. The relationships – including brand image, brand trust and purchase intention – indicate that consumers who receive higher levels of brand performance (features, quality of product, style and design, and price).

**H3c posited that brand trust has a positive impact on willingness to pay a price premium for luxury brands.**

A significant relationship is also identified in the study between brand trust and willingness to pay a price premium ( $\beta=0.305$ ,  $p=0.016$ ). This result confirms prior studies which found that brand trust positively impacts on consumer willingness to pay more (Chaudhuri & Holbrook, 2001; Keh & Xie, 2009). This result implies that consumers trust that their purchase conforms to luxury standards and will subsequently convince them that the products are worth the associated price premium. A review of previous literatures has indicated that brand commitment is positively related to favourable consumer intentions, such as repeat purchase, and that these are insensitive to price (Musa *et al.*, 2005). Therefore, brand trust is essential in supporting intention to purchase and willingness to pay price premiums. The results presented from this study also suggest that brand trust has a much stronger effect on purchase intention than on willingness to pay more (Keh & Xie, 2009). Furthermore, the finding confirmed that the positive linkage between brand trust and willingness to pay a price premium is fully mediated by brand commitment (Albert *et al.*, 2013; Albert & Merunka, 2013). Therefore, consumers who have a deeper level of trust in their luxury goods are more likely to continue in the relationship, while only customers who are strongly committed toward these trusted luxury goods are willing to pay higher prices.

**H4a posited that luxury customer value has a positive impact on brand commitment for luxury brands.**

Luxury customer value is observed to be a significant and strong determinant of brand commitment in this study ( $\beta=0.707$ ,  $p<0.001$ ). Moreover, luxury customer value has the most marginal influence on brand commitment for the findings in the presented study. In the initial conceptual model, it was proposed that luxury customer value included four key components: functional value, emotional value, social value and symbolic value. Due to the construct of functional value having poor reliability and validity (see Chapter 5–5.7), it was deleted from the subsequent data analysis. In contrast, Deng *et al.* (2010) successfully customised implementation of the model presented by Sweeney and Soutar (2001) within China and, by doing so, has demonstrated the combined significance of functional and emotional value on consumer satisfaction, the latter contributing to the explanation of consumer loyalty.

This finding resonates with the recognition that Chinese consumers are predisposed toward material goods as tools to raise social relationships, luxury brand ownership being a key indicator of success and position in this potential geographical location (Zhan & He, 2012), and social value representing an antecedent for various consumer outcomes (Li *et al.*, 2012). There are four categories of luxury consumers in mainland China; in particular three segments of consumer – “luxury role models”, “fashion fanatics” and “middle class aspirants” – are attracted by either or both social value and symbolic value when they select the luxury product (Atsmon *et al.*, 2011, p.13). In line with this, emotional value, social value and symbolic value dimensions have more meaning than their functional equivalent. The insignificant impact of functional value in combination with the other considered antecedents of brand commitment is perhaps surprising for the Chinese marketplace, given the importance of finer materials, better quality and higher performance within this consumer arena (Atsmon & Dixit, 2009; Atsmon *et al.*, 2011). The relative strength of influence of social and symbolic value over the other value dimensions perhaps reveals a lack of overall consumer maturity in this specific setting. This accords with Chadha and Husband (2006), who have determined that the Chinese luxury market is still located at the “show off” stage, given the relative dominance of the named dimension.

From a conceptual standpoint, this result reveals the importance of luxury customer value in underpinning long-term relationships, and confirms the theory that luxury customer value relates to consumer purchase behaviour. This study validates the measurements for luxury customer value in China. Furthermore, three dimensions for luxury customer value – emotional value, social value and symbolic value – contribute to this role. These findings differ from those provided by Kim *et al.* (2010) and Li *et al.* (2012). For example, Li *et al.* (2012) identified three key dimensions specific to this location for Chinese consumers’ perceived luxury value – social/emotional, utilitarian and economic value.

**H4b posited that luxury customer value has a positive impact on purchase intentions for luxury brands.**

A significant positive association between value and purchase intention is confirmed by this study ( $\beta=0.169$ ,  $p<0.001$ ). This supports the theory that luxury customer value relates to consumer purchase behaviour (Berthon *et al.*, 2009; Hung *et al.*, 2011; Zhang & Kim, 2013). The results also partially confirm the findings from the work of Hung *et al.* (2011),



who found that emotional value, social value and symbolic value are positively related to purchase intention toward luxury brands. Although the ability of functional value to enhance future repurchase intention is identified and empirically supported in the extant literature (Hung *et al.*, 2011; Shukla & Purani, 2012), functional value is insignificant in this relationship with purchase intention from the perspective of this particular study. There are several potential explanations for this lack of association.

Firstly, the current Chinese luxury market is positioned at the “show off” stage (Chadha & Husband, 2006), therefore the socially oriented customers are motivated to possess luxury brands in order to flaunt their status and success to their respective target social groups (Tsai, 2005). In contrast, more mature markets are defined by a prolonged presence, and product quality representing a dimension of function has greater impact on purchase intention than its social and symbolic equivalents (Amatulli & Guido, 2011). The European and Southeast Asian markets like Japan represent examples of such places.

Secondly, although the Chinese luxury market is one of the main areas responsible for the boom in luxury brand consumption in the world (Okonkwo, 2009; Zhang & Kim, 2013) and Asian consumers are seeking individuality through ownership of Western luxury brands (Phau & Leng, 2008), collectivism, maintaining harmony and understanding social position in a socioeconomic hierarchy still has validity (Zhang & Kim, 2013). However, many Chinese have becoming wealthy and have developed a great level of materialism since Deng Xiaoping’s economic reforms in 1987 (Zhang & Kim, 2013). By constantly acquiring luxury items and using their disposable income, they have gained satisfaction and happiness from others’ esteem and appreciation, rather than perhaps from owning and using the items themselves (Liao & Wang, 2009). Thus, Chinese consumer attitude toward purchasing luxury goods goes beyond just simply possessing luxury goods for self-satisfaction. As consumers, they have arguably become more self-centred and hedonistic. By doing so, they are more interested in purchasing well-known luxury brands and have grown to view possessions and money as symbols of happiness and success (Chan & Prendergast, 2007; Liao & Wang, 2009).

The impact of luxury customer value on purchase intention has been determined as positive and statistically significant, the value comprising emotional, social and symbolic values. Luxury brands place a heavy emphasis on the latter two kinds of value (Hung *et al.*, 2011), but the significance of social value and symbolic value has been highlighted as core.

Social value represents acceptance, perception, impression and approval (Sweeney & Soutar, 2001) and symbolic value encompasses the characteristics of conspicuousness, expensiveness and targeting of the wealthy (Hung *et al.*, 2011). Chinese consumers holding an expensive luxury product expect that the brands represent status and prestige and, as a result, are more willing to repurchase the luxury goods (Liao & Wang, 2009). It can also be explained that a premium price can make a product seem more attractive to consumers who purchase a product as a status symbol because the price can be considered an indicator of the product's prestige and value (Deeter-schmelz *et al.*, 2000). Given that social value positively impacts on purchase intention toward the luxury brands, this suggests the way that luxury brands can bridge the gap between inner self and the external world, and thereby this limit resonates with previous studies on possession (Hung *et al.*, 2011).

**H4c posited that luxury customer value has a positive impact on willingness to pay a price premium for luxury brands.**

Luxury customer value is also seen in this study to positively influence consumers' willingness to pay a price premium for luxury brands ( $\beta=1.037$ ,  $p<0.001$ ). This result corroborates the extant research that brand value positively influences consumers' willingness to pay a price premium (Keller, 2009; Miller & Mills, 2012a). Evidence from previous studies has revealed luxury brand consumption behaviour associated with willingness to pay a price premium (Dubois & Duquesne, 1993a; Dubois *et al.*, 2005; Keller, 2009). Willingness to pay a price premium is not an element of luxury brands in terms of dimension or definition, but rather a consequence of luxury brand consumption (Miller & Mills, 2012a). As such, it represents an important outcome, where quality excellence, premium price, prestige and a brand's ability to act as a status symbol are further contributing factors influencing an individual consumer's willingness to pay a price premium (O'Cass & Choy, 2008).

The findings of this study, however, contradict those of previous studies (Netemeyer *et al.*, 2004; Li *et al.*, 2012) in that the results of this work suggest that functional value has no direct significant impact on either purchase intention or willingness to pay more. This is also inconsistent with the work of Park and Park (2003) and Netemeyer *et al.* (2004), who found that the quality of a product significantly increases purchase motivation and thus affects consumers' willingness to pay more for these products. Emotional value, social

value and symbolic value are identified as having a combined role to play in enhancing consumers' willingness to pay more, although functional value has no impact within this study. It has found previous literature regarding consumers who purchase luxury brands showing more positive emotions than those who have no such purchasing history (Kim *et al.*, 2010). In addition, the findings also demonstrated that hedonistic consumers are more interested in their own feelings and are more willing to pay higher prices for luxury brands (Vigneron & Johnson, 2004).

In the current Chinese luxury market, specifically those located in Tier 1 cities where the market for luxuries and associated elite consumers are at an “establishing stage” (Gao *et al.*, 2009), symbolic value takes on proportionately more significance in encouraging consumer willingness to pay premiums (van Kempen, 2004), and outward exhibitions of wealth are seen to dominate the equivalent inner feelings of enjoyment (Kapferer & Bastein, 2009). For more established settings, such as Japan and the U.S.A with confident and elite consumers being more visible, the effect of symbolic value may be much less significant. The overall role of symbolic value in driving purchase intention is less important here compared with the alternative value-based antecedents (Hung *et al.*, 2011). There are different maturity levels within the developed Asian economies with respect to luxury brand acceptance. China is currently positioned at the “show off” stage, compared with other economies that have moved to “fit in”, or like Japan positioned at “way of life” stage, the end position of consumer maturity continuance (Chadha & Husband, 2006).

The empirical evidence supports the finding of Tynan *et al.* (2010) that symbolic value appears to be more important than economic value in the luxury brand domain. The results show that when Chinese consumers perceive a match between themselves and the users of the luxury brand, assessed by measurement of symbolic value and social value, they are more predisposed to paying a price premium.

#### **H5a posited that brand commitment has a positive impact on purchase intentions for luxury brands.**

There is no significant causal path found between brand commitment and purchase intentions ( $\beta=0.102$ ,  $p=0.108$ ) in this study. This suggests that brand commitment neither positively nor negatively impacts on Chinese consumer purchase intentions toward luxury brands. Surprisingly, this result is inconsistent with the previous literature in relationship

marketing, which suggests that commitment undermines relationship enhancement (Morgan & Hunt, 1994; Garbarino & Johnson, 1999; Musa *et al.*, 2005; Kim *et al.*, 2008). Based on relationship exchange theory (Morgan & Hunt, 1994), Garbarino and Johnson (1999) demonstrated that trust, satisfaction and commitment have different roles to play in the prediction of future consumer intentions. The results showed that customers' future intentions are determined by commitment and trust rather than overall satisfaction. Compared with trust, commitment had a stronger effect on future intentions. Furthermore, Kim *et al.* (2008) and Keh and Xie (2009) determined that commitment positively impacts on purchase intention.

This result, though unexpected, is not however entirely surprising. From the previous marketing relationships literature, continuance commitment is enhanced by a perceived lack of choice or perceived switching costs (Fullerton, 2003). It is typically accompanied with the consideration of potential benefits. Fullerton (2003) advised that the impact of affective commitment to the seller measured by customer purchase behaviour depended on the level of continuance commitment. More especially, in the absence of affective commitment toward the seller, it appears continuance commitment makes a positive impact on customer purchase behaviour. In contrast, when the customer feels affective commitment toward the brand provider, feelings of continuance commitment can have a harmful effect on customer purchase behaviour (Fullerton, 2003). Although attachment and identification perception (affective commitment) are distinct from dependence perception (continuance commitment), both dimensions of commitment are not regarded as mutually exclusive (Allen & Meyer, 1990). Fournier *et al.* (1998) and Fullerton (2003) have subsequently recognised their dual role in positively underpinning consumer behaviour. Affective commitment and continuance commitment constructs are equally found to be highly correlated in this study (see Chapter 5–5.9.1). Therefore, affective commitment and continuance commitment can be combined into a composite referred to as brand commitment.

**H5b posited that brand commitment has a positive impact on willingness to pay a price premium for luxury brands.**

Brand commitment significantly affected the willingness to pay a price premium for luxury brands ( $\beta=0.176$ ,  $p<0.032$ ). The result from this study indicates that brand commitment has a positive effect on customer willingness to pay a price premium. In line with previous

studies (Fullerton, 2003; Palmatier *et al.*, 2006; Albert *et al.*, 2013; Albert & Merunka, 2013), this finding confirms the importance of brand commitment in underpinning a consumer's willingness to pay a price premium for luxury brands. In the relationship marketing setting, consumers' emotional attachment to their brands should predict their commitment to the brand and, in turn, their willingness to make financial sacrifices in order to obtain it – the willingness to pay a price premium being one of these sacrifices (Thomson *et al.*, 2005).

However, the findings of Fullerton (2003) demonstrated that there is a significant influence of affective commitment on willingness to pay more, whereas there is no significant role played by its continuance equivalent. Similar outcomes are also provided by Albert and Merunka (2013), continuance brand commitment having a lesser impact on the consumers' willingness to pay a price premium. Consumers experiencing high levels of affective commitment to the luxury brands are more likely to accept price increases than consumers who feel relatively less affectively committed (Fullerton, 2003). More interestingly, continuance commitment in the relationship pushes down the positive effects of affective commitment on willingness to pay more, as proved by the significant affective commitment and continuance commitment interaction. Given the above discussions, consumers feeling continuance commitment may be willing to prolong their brand relationship and be susceptible to price increases, but only if their affective commitment is maintained; where affective commitment is diminished or absent, attempts to commit the consumer to the brands and associated providers will at best only have a limited influence on their willingness to pay high prices.

**H6 posited that willingness to pay a price premium has a positive impact on purchase intentions for luxury brands.**

To assess more deeply consumer buying behaviour, willingness to pay a price premium has been identified as one of the major variables in determining purchase intentions (Ajzen & Driver, 1992; Dyson *et al.*, 1996; Netemeyer *et al.*, 2004; Li *et al.*, 2012). The results of this study indicate that willingness to pay a price premium has a positive effect on purchase intentions toward luxury brands ( $\beta=0.240$ ,  $p<0.001$ ). This finding supported Netemeyer (2004), who determined that willingness to pay more positively influences brand purchase intentions.

## **H7 posited that cognitive brand association has a positive impact on brand trust for luxury brands.**

This association is supported as the direct relationship between cognitive brand association and brand trust was found to be positive and statistically significant ( $\beta=0.675, p<0.001$ ). This finding corroborates previous research that brand image has a direct, positive effect on consumer trust exhibited toward the brands (Chaudhuri & Holbrook, 2002; Esch *et al.*, 2006, Wiedmann *et al.*, 2011). Consumers' expectation of trustworthiness results from a brand's ability to perform and exhibit associated reliability. Such brands which are renowned for high quality are seen to minimise buying risk (Wiedmann *et al.*, 2011). The outcome presented in this study reveals that brand trust requires an underpinning brand image. The strong influence of brand trustworthiness shows that consumers tend to trust a luxury brand more and perceive a lower risk when making such purchases. Consequently, the customers are willing to pay a higher price for luxury brands, where trust is guaranteed.

## **6.3 Chapter Summary**

This chapter has examined the similarities and differences between the findings specific in this study and the extant consumer marketing literature. Following a preliminary review of the contributions developed from this thesis, attention will now be given to the initial objectives of this study which form the basis of Chapter 1.

### **6.3.1 Summary of the Key Findings**

From the profile of the study participants (as shown in Table 5.3), 63.4% of the 494 respondents are female and 78.5% aged between 18 and 35 years old. Most (84.8%) were employed, state-owned (26.7%), foreign-owned (21.1%) and private-owned (18%) organisations being the most popular employment areas. A majority of the survey participants displayed a high level of educational attainment, 40.7% being qualified to at least master's level. Regarding annual personal income, 34.2% of the respondents declared RMB 50,000 –150,000, 50.8% indicating an annual income exceeding RMB 151,000. This suggests that they are wealthy as this income profile is clearly beyond the city average (*Economic Observer*, 2012). This profile, as indicated earlier, accords with that of previous Chinese studies relevant to luxury brand consumption (Deng *et al.*, 2010; Hung *et al.*, 2011; Bian & Forsythe, 2012).

Consequently, certain outcomes of the structural equation modelling (SEM) presented in Chapter 5 that relate to the research objectives are:

- Brand trust is the most important factor influencing Chinese consumer purchase intentions toward luxury brands (Objective 3).
- Brand trust has a mediating role to play in the path between brand image effect on brand commitment, purchase intentions and willingness to pay more (Objective 3).
- Luxury customer value is the most influential antecedent to consumer willingness to pay a price premium for luxury brands (Objective 3).
- Brand commitment acts as a direct antecedent to consumer willingness to pay a price premium for luxury brands (Objective 3).
- Luxury customer value is the most important antecedent to brand commitment in this study (Objective 4).

Chapter 7 will draw an end to the thesis by summarising the areas for future research and the contribution to knowledge, assessing the initial research objectives in great detail, as well as giving recognition to the strengths and limitations of this study.

## CHAPTER 7: CONCLUSIONS

### 7.0 Introduction

This chapter will follow from the data analysis presented in Chapter 5 and the detailed interpretation of those findings in Chapter 6; the conclusion will relate these discussions to the research questions and research objectives listed in the introduction to this thesis that have guided the associated study. Inferences from the data are made where appropriate, synthesising with the existing literature on brand commitment and its antecedents/consequences introduced in Chapters 2 and 3. This chapter will consider the overall strengths and limitations of the study, identifying areas for future research based upon the journey presented by this research; an indication will be given to the original contribution to knowledge that has been made by this research.

Given the contemporary nature of the study, several practical implications are identified for both international luxury brand managers and Chinese luxury managers through the recognition of the impact of brand affect, brand trust and luxury customer value when devising effective marketing strategies in the Tier 1 cities segment of the Chinese market.

### 7.1 Research Questions and Research Objectives Addressed

In section 1.6 of Chapter 1, a number of research objectives were developed to ensure the current study followed a structured research process. These objectives are reviewed one by one in the next section below.

**Research Objective 1: To review critically the extant literature relating to antecedents and consequences of brand commitment in luxury brand consumption behaviour.**

A thorough review of literature in Chapter 2 and Chapter 3 was undertaken to ensure a comprehensive understanding of the research background and to help formulate the research questions to be subsequently tested in this study. Initially, Chapter 2 provided an introduction to the literature of brand commitment. As an outcome of this review, brand commitment has been identified as a key variable in the building and maintenance of long-term consumer relationships in the associated marketing areas (Fournier, 1998) while



acknowledging the relative lack of published work in the luxury brand consumption area. Although previous research into antecedents to brand commitment has been conducted in the context of consumer-brand relationships, a new set of antecedent factors – brand affect, brand image, brand trust and luxury customer value of brand commitment – have not to date been studied in a single model to assess Chinese consumers' luxury brand consumption behaviour. Firstly, brand affect represents a positive emotional response to a product and highly relates to brand commitment in order to retain a stable consumer-brand relationship (Chaudhuri & Holbrook, 2002). Brand image as a set of brand associations reflect on customers' perceptions held to memory which positively impact on brand trust (Chaudhuri & Holbrook, 2002; Esch *et al.*, 2006) and brand commitment (Ogba & Tan, 2009). Trust is seen as the most important determinant in the building of consumer-brand relationships and their related long-term maintenance (Morgan & Hunt, 1994). Luxury customer value as a multidimensional construct strongly builds the customer's brand commitment and also encourages the consumer to purchase the luxury brands (Wiedmann *et al.*, 2009; Hung *et al.*, 2011).

Later on, in Chapter 3, purchase intention and willingness to pay a price premium were identified as key consequences of brand commitment. Purchase intention as a predictor of an individual consumer's actual buying behaviour is positively led by brand commitment (Musa *et al.*, 2005; Kim *et al.*, 2008). Furthermore, willingness to pay more is another key indicator in the prediction of consumers' intentions of buying behaviour and is normally related to brand commitment (Zeithaml *et al.*, 1996; Albert *et al.*, 2013). The conceptual model proposed and used to underpin the primary research in this study is based on the theoretical discussion presented in the literature review, however, in Chapter 2 and Chapter 3. The model attempted to present the antecedent and consequence factors of brand commitment for luxury brand and provided a basis in assessing the relationship between the antecedents of brand commitment and purchase intentions. Consequently, Chapters 2 and Chapter 3 help to accomplish Research Objective 1.

**Research Objective 2: To clarify which of the antecedents of brand commitment (brand affect, brand image, brand trust and luxury customer value) have the most influential effect on brand commitment.**

Chapter 6 presented the findings based on the practical implementation of the survey instrument developed and presented in Chapter 4. Four steps of analysis were used to

examine the data in order to clarify the most important determinant from the four antecedent factors, thus helping to address Research Objective 2. The findings based on the structural equation modelling shows that three factors significantly impact on brand commitment at the 1% significance level. These are brand affect, brand trust and luxury customer value. In particular, luxury customer value has been clearly distinguished as having the greatest marginal effect on brand commitment. This is perhaps surprising, as previous literature shows that commitment is highly associated with trust, which is seen as crucial in maintaining long-term consumer relationships (Morgan & Hunt, 1994; Gundlach *et al.*, 1995; Chaudhuri & Holbrook, 2002). According to Morgan and Hunt's (1994) theory of commitment-trust, trust plays a key role in shaping and maintaining consumer-brand relationship. Hence, by revealing luxury customer value as a great influence on brand commitment in this particular consumer setting, a key contribution to consumer market knowledge has emerged. The marginal impact of brand affect was smaller than the two factors above in this study. In contrast to these three antecedents, brand image has no association with brand commitment. However, a potential association between brand trust and cognitive brand associations was revealed from empirical findings.

**Research Objective 3: To examine the relationships between the antecedents of brand commitment (brand affect, brand image, brand trust and luxury customer value) and the consequences of brand commitment (purchase intentions and willingness to pay a price premium) for luxury brands.**

From the analysis presented in this thesis, the evidence shows that there is a positive association among brand affect, brand trust, luxury customer value and purchase intentions for the luxury brands. Brand trust emerges here as marginally the most important determinant of purchase intentions; this result corroborates the conceptualisation presented by Kim and Ko (2010). It was interesting to note that the findings presented in this PhD study failed to confirm the effect of brand image on purchase intentions and willingness to pay more for luxury brands. As previously illustrated by Shukla (2011) and Wiedmann *et al.* (2011), brand image does not impact consumer purchase intention directly. Their results may explain current Chinese consumer buying behaviour with respect to luxury brands, where the consumer group's main considerations are arguably still located at the "show off" stage (Chadha & Husband, 2006) and, as such, have a tendency to focus on the social and symbolic value of luxury brands. This also demonstrates the motivation factors behind

consumer willingness to pay a premium price for their luxury brands. For instance, the brands can bring enjoyment and certain social status to their consumers.

**Research Objective 4: To identify which factors (brand affect, brand trust, brand image, luxury customer value) impact most significantly on brand commitment, and in turn on consumer buying intentions (purchase intention and willingness to pay a price premium).**

In Chapter 5, the SEM includes various statistically significant paths (as detailed in section 5.8.3). Brand commitment has been demonstrated by consumers who are willing to pay a premium price to generate an emotional bond and to connect with their feelings in order to gain an affective attachment from luxury brand use. It also increased through enhancement of brand affect, brand trust and luxury customer value acting jointly. In turn, enhanced brand commitment increases the future willingness to pay more for luxury brands. However, this willingness to pay more is also directly impacted by certain considered antecedents of brand commitment, such as luxury customer value and brand trust, as well as those antecedents of brand commitment influencing outcome via brand commitment acting as an intermediary. In addition, the findings of this study suggest that luxury customer value represents the most important factor given its impact on consumer buying intentions, specifically willingness to pay a price premium. Brand commitment and brand image have no significant association with purchase intention. Therefore, the findings provided the answer for a main research question of this PhD study (as listed in section 1.6).

Overall, the current study appears to meet all of the research objectives listed in Chapter 1 (see section 1.6), ensuring that this study has followed a rigorous and professional research process. Following such a structure has enabled the generation of an original contribution to knowledge adding to the existing consumer marketing literature area on brand commitment and luxury consumption behaviour, in this scenario with particular emphasis on Chinese consumers located in the country's major conurbations. The contribution to knowledge is discussed below with reference to the intended contribution of the study outlined as detailed in section 1.4.

## 7.2 Contribution to Knowledge

This study examined the antecedents to, and consequences of, brand commitment for luxury brands and investigated the determinants of the relationship between brand commitment and purchasing behaviour with reference to luxury brand consumption in mainland China. This research contributes to the knowledge of both academicians and managers in the field of luxury branding in China, important given its current market value (Gao *et al.*, 2009; Bian & Forsythe, 2012) and predicted growth and geographical experience in the future (Atsmon *et al.*, 2011; Zhan & He, 2012). The results of the analysis presented as part of this research provide both a conceptual and theoretical contribution, as well as practical insights of reference to retailers in the luxury products industry.

The primary insight derived from this empirical study adds to the existing knowledge of brand commitment in the context of luxury brands and the luxury consumption behaviour by merging the three empirical testing conceptual models: Theory of Reasoned Action (TRA) model (Fishbein & Ajzen, 1975), model of brand commitment (Chaudhuri & Holbrook, 2002) and luxury customer value model (Choo *et al.*, 2012). This research has extended the studies of Sung and Campbell (2009) and Sung *et al.* (2010) by evaluating the cause and effect relationships between brand commitment and its antecedents in a single conceptual model (as recognised in Figure 3.2) using a research platform, such as mainland China, which has not been studied before. Therefore, this study enriches the current literature by re-assessing the most significant determinant of brand commitment and purchasing intention to luxury products and, by doing so, offers a comprehensive profile of Chinese luxury consumers.

The second contribution derived from this empirical study is the endorsement of the significant influence of brand trust on brand commitment, this time established for the Chinese luxury brand market. It confirms the commitment-trust theory (Morgan & Hunt, 1994), namely that trust acts as a key determinant of relationship development, positively impacting on commitment in this consumer-brand relationship. In this study, trust and commitment were added into the TRA model (Fishbein & Ajzen, 1975) as separate variables resulting in a high predictive power for behavioural intention. By adopting both trust and commitment as new variables within the TRA model and proposing these relationships conceptually and assessing empirically, this study has provided important

insights into their distinct roles within luxury brand purchasing behaviour. Consequently, this study reveals perhaps the latest understanding to date of trust and commitment as interrelated factors that consumers consider as they engage in luxury brand consumption. Trust-based commitment is important as the bridge between the attitude and the behaviour intentions connections, transforming a positive transactional orientation toward a brand into a deeper commitment and an enduring relationship with a brand. Importantly, the commitment-trust theory has shifted understanding from a transactional focus to a long-term relationship marketing focus.

Third, the significant impact of luxury customer value is observed on luxury purchase intentions in the Chinese market setting. This study provides evidence on the influence of luxury customer value on Chinese consumer purchasing behaviour. There are only a few studies related to luxury brands (Tynan *et al.*, 2010; Hung *et al.*, 2011; Choo *et al.*, 2012), and none of the previous empirical studies on the Chinese market has investigated consumer purchasing behaviour for luxury brands in the consumer-brand relationship. This study has examined Chinese consumer luxury brands purchasing behaviour and has found significant results, thereby making an important contemporary contribution to knowledge. The findings show that luxury customer value plays an important role in affecting consumer buying intentions for luxury brands both directly and indirectly through its impact on brand commitment. This research has given recognition to Chinese consumer luxury value and purchase intention toward their luxury brands, and these luxury customer values influence the probability of future purchasing behaviour of these luxury brands in the Chinese market place. The results from this study provide an important contribution because they afford valuable evidence relative to consumers in mainland China that can be used by luxury retailers at both national and regional levels in this part of the world.

Furthermore, the results of this study also highlight that trust plays a vital role in building strong consumer-brand relationships, hence marketing managers are advised to emphasise activities and initiatives that promote the essential attributes (honesty, reliability and integrity) that contribute and reinforce their trust (Kimpakorn & Tocquer, 2010). Prior literature has advised that brand trust is important as it can reduce uncertainty, thus allowing effective relationships to develop within a consumer context (Chaudhuri & Holbrook, 2001; Matzler *et al.*, 2008). In the luxury brands context, where brand managers may desire to build long-term relationships characterised by consumer brand commitment, it is imperative for the associated brands to earn the trust of their consumers. Baines *et al.*

(2011, p. 577) suggested that brands are an important means of instilling trust because they represent “a means of condensing and conveying information”. In order to secure a relationship with consumers, trust building mechanisms such as providing excellent and superior customer value and exceptional product quality should be instigated. Luxury brand retailers are focusing through necessity on establishing long-term relationships, given that such relationships can increase competitiveness and ensure stable market shares (Chaudhuri & Holbrook, 2001). Therefore, to effectively manage long-term consumer-brand relationships, luxury brand managers should promote consumer trust in the luxury brands as an equally important outcome, that of value.

The findings highlighted that cognitive brand association positively impacts on brand trust and are worthy of attention in terms of their contribution to knowledge (as detailed in section 6.2.1). In Asian luxury markets, brand image and luxury products are inextricably linked in the mind of the consumer (Lu, 2011). Brand image in the Chinese luxury market is a necessity because of the higher price and conspicuous function of the products (Lu, 2011). In the study of Lu (2011), he indicated that Chinese consumers select only from among trustworthy brands and are not willing to risk spending large amounts of money on the unknown, even if the unknown is a prestigious luxury brand internationally. Although brand image allows a potential buyer to recognise or recall that a brand is a member of a certain product category (Aaker, 1996), it plays a more important role in shaping brand trust on the luxury consumption behaviour in this PhD study.

Another important contribution of this study relates to the impact of luxury customer value on luxury consumption in the Chinese market. This study reconfirms the luxury customer value framework (Choo *et al.*, 2012) in this new context. It also adds or confirms the luxury customer value framework in the TRA model (Fishbein & Ajzen, 1975) to evaluate the key antecedent factors impacting on buying behaviour. Although the significance of excellent quality is frequently highlighted as a core value for luxury brands, this study suggests the vital role of three types of value: emotional, social and symbolic.

This study represents one of the first attempts to examine consumer buying intentions toward luxury brands using the TRA model (Fishbein & Ajzen, 1975) in mainland China. According to prior studies mentioned (Jin & Kang, 2011; Bian & Forsythe, 2012; Zhang & He, 2012; Zhang & Kim, 2013), the TRA model has been used to explain the behavioural intention of consumers in relevant luxury brands research, and this study has justified using

the TRA model in explaining the luxury consumption behaviour of Chinese consumers. This study also confirmed that brand affect, brand trust, luxury customer value and brand commitment were significant in predicting Chinese consumers' behavioural intention of luxury brands. Therefore, the empirical results from this study are supportive in making a contribution to further expand research in relation to luxury consumption behaviour, and by using the TRA model offers valuable knowledge for luxury brands marketing managers who wish to gain insights into the purchase intentions of consumers within the setting of mainland China.

Lastly, through the findings of the study a new model of consumer behaviour (as shown in section 3.2) is developed and presented to address the factors affecting consumer behavioural intention toward luxury brands. The model explains which factors influence brand commitment by evaluating various relationships between brand commitment and its antecedents in the context of luxury brand consumption. The presented model in this PhD study has the potential to provide an appropriate stepping stone to further research, which could involve defining factors affecting purchase intentions for luxury brands, and identifying or confirming the particular factors influencing buying behaviour for luxury brands. This contribution of knowledge applies to general luxury consumer decision-making in the Chinese market. As the Chinese luxury market is not homogeneous – there are various geographical, cultural and linguistic differences within the one country – it would be a mistake to understand one single pattern of luxury consumption behaviour in the luxury market (Lu, 2011). Therefore, this model could be used to retest whether its factors would be confirmed when applied to Tier 2 and Tier 3 cities in mainland China, given the significant growth in the consumption of luxury brands in these locations in the not too distant future (Bian & Forsythe, 2012; Zhang & He, 2012). Moreover, further research could examine the results shown in the model by extending the sample to other Asian countries.

### **7.3 Managerial Implications of the Study**

The findings presented in this study provide various new insights, generating managerial implications for luxury item branding strategies in China. As Western luxury products retailers are facing more competition in the market, they are required to generate and maintain long-term consumer-brand relationships by strengthening consumer commitment to the associated luxury brands. The competition is becoming greater as consumers became

more sophisticated and knowledgeable (Bain & Company, 2012a), thus potentially decreasing purchasing levels for individual brand items (Sherman, 2009). However, evidence from this study suggests that the luxury brands are performing well in terms of brand affect, brand trust and luxury customer value.

Moreover, the findings of this study suggest that direct luxury brand managers should focus on building luxury customer value and by doing so, enhance brand commitment for the current group of Chinese consumers who exhibit price sensitivity and a reluctance to spend simply for the sake of it (Suessmuth-Dycherhoff *et al.*, 2008). Commitment has been identified as being particularly important in determining repeat buying intentions, spending power and consumer willingness to pay more. If a marketing strategy is designed to enhance brand commitment, it must be underpinned by prioritising luxury customer value, specifically its social and symbolic sub-dimensions. Chinese consumers are highly focused on social acceptability and respect their peers' view of reality, following these in order to fit in and be accepted into the related social setting. The promotion of both social and symbolic advantage is exemplified by a luxury brand. For example, Gucci launched a market activity in Shanghai issuing only 200 pieces of handbag, the "Shanghai dragon bag", in order to demonstrate exclusivity reinforced by very limited availability (Shukla, 2011, p. 244),

In addition, this study points to another very important implication for luxury brand managers through recognition of the impact of luxury customer value (the dimensions of social value, emotional value and symbolic value) on enhancing purchase intentions and encouraging consumers to pay more for their brands; both of these outcomes take on obvious importance in an ever competitive marketplace such as China. Furthermore, any differences in terms of the relative influence of each three value sub-dimensions on those other outcomes as suggested in the prior study of Weidman *et al.* (2009) should be accounted for, thereby providing valuable understanding of the potential implications for practitioners. The role of social and symbolic value cannot be ignored by market planners, given its contribution to increasing consumer commitment and therefore indirectly impacting on purchasing behaviour. Because affluent Chinese consumers use luxury brands to flaunt their status, their purchase intentions toward the luxury brands is stimulated when they feel compelled to own a luxury brand to convey their self-esteem or wealth (Bian & Forsythe, 2012). Therefore, opportunities are afforded to marketers to promote luxury brands through their inherent social and symbolic values in these



developing luxury markets. The marketing strategies of luxury retailers may incorporate initiatives to convince consumers of their brands' ability to upscale social image, or encourage them to use the scarcity of their products to appeal to those who have high emotional attachment. Emphasising exclusivity of the brands may be an effective marketing strategy for luxury brand in the Chinese market, as it focuses on using luxury brands to avoid similarity to competitor products. Advertising campaigns can allude to a luxury brand's elite user group to help Chinese consumers convey membership of a specific social setting to the exclusion of alternative and inferior groups (Lu, 2011).

Furthermore, luxury brand retailers may need to emphasise exceptional quality and trustworthiness because Chinese consumers of luxury brands pay great attention to the consistency between the brand image and their internal beliefs. Luxury brand managers should develop strategic and tactical initiatives that ensure that consumers rely on and feel attached to their chosen luxury brands. This may require market managers to adopt not only a standard marketing mix (Doole & Lowe, 2012), but also marketing communication techniques, such as "Whisper communication" (Kapferer & Bastine, 2012), which have the potential to result in increased interaction and emotional connection between the customer and brands (Lu, 2011). Luxury brand managers need to be aware of and understand that the value of a luxury brand depends on the quality of its image, which has greater importance than its mere recognition or brand awareness on behalf of the consumer (Kapferer & Bastine, 2012). An effective communication campaign will aim to comfort existing customers, who may be seen to make further purchases or convince others to buy these brands based on word of mouth (Kapferer & Bastine, 2012). Therefore, it may be pertinent for luxury brand managers to apply the "Whisper communication" approach which involves one-to-one communication with their customers, incorporating an emotional intimacy, say, through the launching of VIP clubs and VIP events (Kapferer & Bastine, 2012, p. 258).

As the Chinese luxury market expands out of the Tier 1 cities, more attention may need to be paid to specific marketing initiatives that may not have unexpected outcomes, given the relatively unknown nature of these newer but increasingly competitive market arenas. Kapferer and Bastine (2012) highlight that image-oriented promotion through highly visible advertising has prompted levels of social conflict in less wealthy markets, where brands presented in higher profile and more exclusive retail outlets are beyond the buying power of a large number of consumers; this has led to government-authorised controls in

activity. This situation is particularly relevant to the Chinese marketplace beyond its advanced and relatively wealthy Tier 1 conurbations.

Traditionally, luxury brand suppliers have differentiated their brand identities using high-status brand names (Choo *et al.*, 2012). However, this branding strategy is less effective with today's luxury customers because customers are placing more emphasis on emotional value. This emotional value involves closeness to, and personal involvement with, the chosen brands and is instrumental to these consumers when they make their purchase decisions (Bian & Co, 2005; Lu, 2011; Choo *et al.*, 2012). These emotional values give premium customers a feeling of complete and memorable ownership experience during the consumption of these brands (Brun *et al.*, 2008), hence engaging with the customers at the emotional level is a crucial factor for success in the luxury brand environment (Kapferer & Bastien, 2009).

In addition, affect is another important consideration for any marketing strategies related to luxury brands. It must therefore play a part in marketing channels because the affect it has on the consumers stimulates further engagement (Keller, 2001). Chinese consumers with a strong affect toward a luxury brand declare devotion to the brand, and there is an increased tendency for them to re-purchase the brand in the future. Affective-appealing messages can be delivered in a range of ways. Luxury retailers can express feelings of pleasure and deliver a fun experience by offering a well-organised selection of high-quality products in an upscale atmosphere or through exceptional store service that generates an enjoyable and fun experience with the brand and, by doing so, generate a positive affect for the targeted consumers.

The implications provided in the conclusion to the thesis are meaningful given that they afford the markets of these luxury brands a better understanding of who their consumers are and helps them to identify the key factors that drive Chinese consumers into making further luxury purchases. Gaining a better understanding of the buying behaviour of these Chinese consumers should benefit the luxury brand industry by improving understanding of the consumer-brand relationship in potentially the largest consumer market in the world.

## 7.4 Strengths, Limitations and Suggestions for Future Study

There are a number of limitations that exist in this study (as discussed in section 4.15). The limitation is essentially around the target population and generating a relevant sample of participants. On the other hand, this piece of research has two main strengths that contribute to model stability and results generalisability. Firstly, the two-stage study has provided a sample size that is sufficiently large (normally  $n > 300$ ) and generated an adequate dataset (Hair *et al.*, 2010). This large sample size is to produce a level of model complexity, less variability and increased stability in the results (Hair *et al.*, 2010). Secondly, this study has a similarity of approach with previous empirical studies, leading to a target group that profiles consistently – younger generation, female luxury consumers with a well-educated background and high disposable income.

The use of a convenience sample in this study arguably limits the potential for generalisability of the findings, as the samples may not be representative of all luxury consumers in the whole country in China. This study was limited to Beijing City, therefore is typically unrepresentative of the rest of China, given the undisputed differences in mean incomes and concentration of middle-class consumers here. The findings will generalise to the other three Tier 1 cities – Guangzhou, Shanghai and Shenzhen – given income, disposable money and class-defined demographic comparability (Gao *et al.*, 2009; Zhan & He, 2012). The challenges are somewhat different elsewhere, where consumer behaviour in the vast majority of China is currently less familiar compared with the leading locations. In particular, consumer habits in Tier 2 and Tier 3 cities do not match up with those in Tier 1 cities, and research has found that Tier 2 shoppers tend to be more impulsive, more conspicuous and less brand-aware than those of the Tier 1 cities (Flora, 2013). Further research may be conducted with a sample more representative of the entire Chinese consumer population including Tier 2 and Tier 3 cities, or further separate study specific to these locations.

Bryman (2012) has justified two main reasons for the popularity of using non-probability sampling. The first reason is the increasing difficulty of obtaining access to the organisations for survey research, driven particularly by ethics and commercial sensitivity. The second reason is that researchers may have certain constraints placed upon them that discourage them from applying probability sampling approaches, such as the lack of access to reliable sampling frames. Although these two reasons apply equally to this research,

there are certain additional limitations associated with non-probability sampling techniques that cannot be ignored.

The issues of generalisability and error associated with a non-probability sampling approach are evident. Through established probability laws, it is possible to ascertain the extent to which the estimated characteristics of the sample reflect the true characteristics of the related population (Bryman, 2012). Despite the resonance of its key characteristics indicated in Chapter 4 and the closeness of these to samples applied in recent comparable works (Deng *et al.*, 2010; Lu & Pras, 2011; Bian & Forsythe, 2012; Zhan & He, 2012), Schwab (1985, p. 173) suggested that most empirical studies which have been published in referenced academic journals use convenience (non-probability samples), although he comments that “if one took generalisation to a population using statistical inference seriously, one would recommend rejecting nearly all manuscripts submitted”.

#### **7.4.1 Opportunities for Further Study**

The study also points to the number of opportunities for future research. Recognition of various Chinese studies across different marketing contexts have pointed to differentiation by demographics or existing distinct market segments (Park *et al.*, 2008; Degen, 2009; Gao *et al.*, 2011; Bian & Forsythe, 2012). The consideration requires large survey participation and assessment centred on segmentation, which has not been undertaken in this research. This provides an interesting study opportunity for further research attempts to increase participant numbers, thereby affording this assessment demographic impact including the extent to which segmentation relates to branding perception and brand commitment.

The luxury market may no longer be homogeneous because of its vast expansion and maturation within the Tier 1 cities of mainland China. Further consideration of conducting the study on consumption of luxuries beyond cities such as Beijing is particularly important, given the market potential to develop luxury goods outlets and serve consumers in the short-term in China's Tier 2 and Tier 3 cities. This provides luxury brand exposure to a much wider mainland Chinese audience and is signposted as happening over the next few years (Atsmon *et al.*, 2011). It would be interesting, within mainland China, to evaluate the extent to which consumers are situated at the “start of money” stage or “show off” stage in their luxury brand relationships (Chadha & Husband, 2006), and to what extent differences exist between the mature and new locations within mainland China. This

would be useful for marketers developing more sophisticated tools for identifying the right market for their luxury brand offerings.

The nature of associations among luxury customer value and brand relationships might vary significantly in different segments and locations. Luxury brand managers should find a specific set of customer values appropriate to their luxury products, and locations or consumer groups to strengthen the relationship with their customers. According to the different clusters of consumers that exist, alternative channels are needed to promote consumers with different characteristics (Gil *et al.*, 2012; Hennigs *et al.*, 2012b; Stokburger-Sauer & Teichmann, 2013). With this in mind, demographic and location assessments are crucial.

Within this study, the consumers targeted were from only one retail channel. As the Chinese travel more, a rapidly growing proportion of their luxury purchases are made on trips outside of the mainland especially when currency exchanges are favourable (KPMG, 2013). In 2012, 63% of luxury shoppers made at least some of their purchases of luxury goods while abroad compared with only 36% of consumers in 2010 (Atsmon *et al.*, 2012). This provides further opportunities to evaluate Chinese consumer purchasing behaviour on luxury brands. These scenarios may offer such marketing lessons, given that they are likely to draw some customers away from the shopping malls that have up to now played an important role for the research presented here and a number of comparable studies.

## **7.5 Chapter Summary**

The chapter has provided a review of the key findings of the research presented in this thesis, assessing the four research objectives in turn and relating the findings back to existing literature.

The chapter has highlighted the study's original contribution to knowledge, which can be summarised as:

- Addressing the research gap in the literature by investigating brand commitment and how it relates to luxury brand consumption behaviour in the Chinese market;

- Adding to the existing knowledge of brand commitment by assessing the behavioural intentions of consumers toward these luxury brands in mainland China;
- Testing the theory of trust-commitment and confirming that both trust and commitment play a significant role in maintaining consumer-brand relationships in the luxury consumption behavioural context;
- Offering a new insight into consumer buying behaviour literature through applied Theory of Reasoned Action model to capture Chinese consumer buying intentions toward luxury brands in mainland China;
- Adopting a quantitative approach and developing a measurement for brand commitment in luxury brand consumption in the Chinese marketplace.

The chapter closed by highlighting the strengths and limitations of the study and outlining the several opportunities for further study relative to luxury brand consumption and associated consumer behaviour. It is hoped that the present study will inspire other researchers to add to the current knowledge in consumer marketing by using a quantitative study to comprehensively assess associated behaviour in new and exciting market settings, particularly those in developing economic, China included.

# **Appendices**

## Appendix A - Dimensions of Luxury Brands from the Consumer (Image) Perspective

| Kapferer (1998)   | Vigneron and Johnson (1999)                         | Dubois <i>et al.</i> (2001)  | Vickers and Renand (2003)   | Vigneron and Johnson (2004)                                     |
|---|---|--|---|---|
| Belonging to a minority<br>Its price                    | Conspicuousness<br>Bandwagon, snob<br>Veblen effect | Conspicuous<br>Elitist<br>Very high price<br>Differentiate from others |   | Conspicuous<br>Elitist<br>Extremely<br>Expensive<br>For wealthy |
| Exclusiveness   | Uniqueness  | Scarcity   |   | Very exclusive<br>Precious<br>Rare<br>Unique                    |
| Its uniqueness  |   | Uniqueness   |   |   |
| Craftsman   | Perfectionism                                       | Not mass produced<br>Rather like luxury                                | Functional symbolic   | Crafted<br>Luxurious  |
| Its quality<br>Beauty of object<br>Excellent of product | Quality   | Excellent quality<br>Good taste  |   | Best quality<br>Sophisticated<br>Superior                       |
| Its great creativity<br>Its sensuality<br>Its magic     | Hedonism  | Pleasure<br>Aesthetics and polysensuality<br>Makes life beautiful      | Sensory pleasure<br>Experiential symbolism  | Exquisite<br>Glamorous<br>Stunning                              |
|   | Extended self                                       | Refined people<br>Reveal who you are<br>Pleasing<br>Few people own     | Symbolic interactionaism<br>Self-enhancement<br>Role position<br>Group membership<br>Ego-identification | Leading<br>Very powerful<br>Rewarding<br>Successful             |
| Knowing that few have one                               |   |  |   |   |

Source: Vigneron and Johnson (2004, p. 487)



## Appendix B - Overview of the Key Definitions of Brand Image

| Blanket Definitions  | Emphasis on Symbolism  | Meaning or Message   | Personification  | Cognitive or Psychological   |
|--|--|--|--|--|
| <u>Newman (1957)</u><br><ul style="list-style-type: none"> <li>everything the people associate with the brand</li> </ul>   | <u>Pohlman and Mudd (1973)</u><br><ul style="list-style-type: none"> <li>one for its concrete functional utility and other for its utility as a prestige symbol</li> </ul>       | <u>Grubb and Grathwohl (1967)</u><br><ul style="list-style-type: none"> <li>...the psychic or symbolic value of products purchased in the marketplace</li> </ul>   | <u>Hendon and Williams (1985)</u><br><ul style="list-style-type: none"> <li>people favour products that match their own self interest</li> </ul>   | <u>Gardner and Levy (1955)</u><br><ul style="list-style-type: none"> <li>a consumer's feelings, attitudes and ideas toward a brand</li> </ul>  |
| <u>Herzog (1963)</u><br><ul style="list-style-type: none"> <li>the sum of the total impressions</li> </ul>   | <u>Frazer (1983)</u><br><ul style="list-style-type: none"> <li>a product is a symbol</li> </ul>  | <u>Swartz (1983)</u><br><ul style="list-style-type: none"> <li>product message</li> <li>the role of product as "messages" or "nonverbal communication" transmitted by the user/owner</li> </ul>  | <u>Sirgy (1985)</u><br><ul style="list-style-type: none"> <li>physical characteristics of the product (suppliers and services)</li> <li>a host of other factors (price, stereotype of the generalized users and psychological associations)</li> </ul> | <u>Reynolds (1965)</u><br><ul style="list-style-type: none"> <li>is the mental construct developed by the consumer on the basis of a few selected impressions among the flood of the total impression</li> </ul>   |
| <u>Dichter (1985)</u><br><ul style="list-style-type: none"> <li>the total impression an entity makes on the minds of others</li> </ul>                             | <u>Noth (1988)</u><br><ul style="list-style-type: none"> <li>from semiotics' perspective commodities are studied as signs whose meaning is the consumer's brand image</li> </ul> | <u>Reynolds and Gutman (1984)</u><br><ul style="list-style-type: none"> <li>product imagery in terms of the stored meanings that an individual has in memory, suggesting that what is called up from memory provides the meaning we attribute most basically to image</li> </ul> |  | <u>Bird <i>et al.</i> (1970)</u><br><ul style="list-style-type: none"> <li>an attitude about a given brand</li> </ul>  |
| <u>Snyder and Debono (1985)</u><br><ul style="list-style-type: none"> <li>images associated with the use of the product</li> </ul>                                 | <u>Dobin and Zinkhan (1990)</u><br><ul style="list-style-type: none"> <li>branded product or service</li> <li>symbolic meanings</li> </ul>                                       |  |  | <u>Gensch (1978)</u><br><ul style="list-style-type: none"> <li>product perception consisted of two components: the measures of the brand attributes and the image of the brand</li> <li>as a purely abstract concept which incorporates the influences of past promotion, reputation and peer evaluation of the product</li> </ul> |
| <u>Runyon and Stewart (1987)</u><br><ul style="list-style-type: none"> <li>the product perception</li> </ul>   |  |  |  |  |
| <u>Dobin and Zinkhan (1990)</u><br><ul style="list-style-type: none"> <li>perception of a brand</li> </ul>   |  | <u>Dobin and Zinkhan (1990)</u><br><ul style="list-style-type: none"> <li>as a mental picture</li> </ul>   |  |  |
| <u>Keller (1993)</u><br><ul style="list-style-type: none"> <li>perceptions about a brands as reflected by the band associations held in consumer memory</li> </ul> |  |  |  | <u>Bullmore (1984)</u><br><ul style="list-style-type: none"> <li>is what people think and feel about it</li> </ul>   |

## Appendix B - Overview of the Key Definitions of Brand Image (continued)

| Blanket Definitions   | Emphasis on Symbolism | Meaning or Message | Personification | Cognitive or Psychological  |
|---|-----------------------|--------------------|-----------------|---|
| <u>Aaker (1996)</u> <ul style="list-style-type: none"> <li>• how a brand is perceived by consumers</li> </ul>   |                       |                    |                 | <u>Reynolds and Gutman (1984)</u> <ul style="list-style-type: none"> <li>• in terms of “feelings” suggests a link between product and emotions</li> </ul>   |
| <u>Campbell (1998)</u> <ul style="list-style-type: none"> <li>• a combination of all the perceptions and beliefs that the consumer holds about the brand</li> </ul>   |                       |                    |                 | <u>Park <i>et al.</i> (1986)</u> <ul style="list-style-type: none"> <li>• it is the understanding consumers derive from the total set of brand related activities engaged in by the firm</li> </ul> |
| <u>Nandan (2005)</u> <ul style="list-style-type: none"> <li>• is a consumer-constructed opinion of the brand where consumers ascribe an image to the brand based on their subjective perceptions of the associations they have about the brand</li> </ul> |                       |                    |                 | <u>Friedmann and Lessig (1987)</u> <ul style="list-style-type: none"> <li>• the consumers’ understanding and evaluation of the product</li> </ul>   |
| <u>Chan <i>et al.</i> (2010)</u> <ul style="list-style-type: none"> <li>• as shoppers’ beliefs of brand-related associations</li> </ul>   |                       |                    |                 |   |

**Notes:** This summary of brand image does represent extensive definitions that have been supplied in the past half century (1955-2010). Journal articles have been identified as the key source for most of these definitions, while a few were taken from textbooks and the popular press.

## Appendix C - Characteristics of Different Fit Indices Demonstrating Goodness-of-Fit Across different Model Situations

| Statistical variables | Explanations   | Ranges  | Fit indices            | Sources   |
|-----------------------|--|---------|------------------------|---|
| $\chi^2$              | Chi-square ( $\chi^2$ ) is a degree of freedom, which indicates that the observed and estimated matrices differ (Iriondo <i>et al.</i> , 2003). Statistical significance indicates that probability that this difference is due to sampling error. A good model fit would provide an insignificant result at a 0.05 threshold (Barrett, 2007), thus the Chi-Square statistic is often referred to as either a 'badness of fit' measure (Kline, 2011). A non-significant $\chi^2$ value ( $p$ -value>0.05) indicates that the two matrices are not statistically different. |         | <0.05                  | Iriondo <i>et al.</i> (2003),<br>Hair <i>et al.</i> (2010)                          |
| <b>AGFI</b>           | Adjusted goodness of fit index (AGFI) is adjusts the GFI based upon degrees of freedom, with more saturated models reducing fit (Tabachnick & Fidell, 2013). AGFI indices can be categorized as absolute indices of fit regarding on they basically compare the hypothesised model with no model at all (Hu & Bentler, 1999). The values close to 0.9 and the model are indicated good fit (Hair <i>et al.</i> , 2010).  | 0.0-1.0 | >0.90                  | Hu and Bentler (1999);<br>Hooper <i>et al.</i> (2008);<br>Hair <i>et al.</i> (2010) |
| <b>CFI</b>            | Comparative fit index (CFI) is an incremental fit index that is an improved version of the normed fit index (Hair <i>et al.</i> , 2010).   | 0.0-1.0 | $\geq 0.95$ (good fit) | Hu and Bentler (1999)   |
|                       | CFI unlike the $\chi^2$ , which compares a model to data, the CFI takes that fit of one model to the data and compares it to the fit of another model to the same date (Iacobucci, 2010). The range of CFI value is from 0.0 to 1.0, and larger numbers are better (Iacobucci, 2010). Hu and Bentler (1999) stated that CFI values exceeding 0.95 indicate adequate model fit for continuous outcomes.   |         | >0.90 (fit well)       | Hair <i>et al.</i> (2010)   |
| <b>GFI</b>            | Goodness-of-fit index (GFI) was created by Joreskog and Sorbom (1981) as an alternative to the Chi-Square test and calculates the proportion of variance that is accounted for by the estimated population covariance (Tabachnick & Fidell, 2013). Through evaluating at the variances and covariances accounted for by the model it shows how closely the model comes to replicating the observed covariance matrix (Hair <i>et al.</i> , 2010).  | 0.0-1.0 | >0.95                  | Miles and Shevlin (2007)  |
|                       |  |         | >0.90                  | Hu and Bentler (1999);<br>Hair <i>et al.</i> (2010)                                 |

## Appendix C - Characteristics of Different Fit Indices Demonstrating Goodness-of-Fit Across different Model Situations (continued)

| Statistical variables | Explanations  | Ranges  | Fit indices                      | Sources                        |
|-----------------------|---|---------|----------------------------------|--------------------------------|
| <b>RMSEA</b>          | <p>Root mean square error of approximation (RMSEA) is the square root of the average squared difference between the reproduced and sample covariance matrices (Joreskog &amp; Sorbom, 1981). It represents how well a model fits a population, not just a sample used for estimation (Hair <i>et al.</i>, 2010).</p> <p>It clearly attempts “to correct for both model complexity and sample size by including each in its computation” (Hair <i>et al.</i>, 2010, p. 642). It is generally reported in conjunction with the RMSEA and in a well-fitting model the lower limit is close to 0.0 while the upper limit should be less than 0.08 (Hooper <i>et al.</i> 2008). The both values of RMSR and SRMR are equal to zero, indicating a perfect fit (Sun, 2005). That is the reproduced and sample covariance matrices are identical (Browne &amp; Cudeck, 1992).</p> |         | <0.05 (good fit)                 | Browne and Cudeck (1992)       |
|                       |   |         | 0.05<RMSEA<0.08 (reasonable fit) |                                |
|                       |   |         | 0.08<RMSEA<0.1 (mediocre fit)    |                                |
|                       |   |         | >0.1 (poor fit)                  |                                |
|                       |   |         | <0.01 (excellent fit)            | MacCallum <i>et al.</i> (1996) |
|                       |   |         | <0.05 (good fit)                 |                                |
|                       |   |         | <0.08 (mediocre fit)             |                                |
|                       |   |         | >0.1 (poor fit)                  |                                |
|                       |   |         | <0.06                            | Hu and Bentler (1999)          |
|                       |   |         | <0.07                            | Steiger (2007)                 |
|                       |   |         | <0.05 or <0.08                   | Chen <i>et al.</i> (2008)      |
|                       |   |         | <0.07 (with CFI >0.92)           | Hair <i>et al.</i> (2010)      |
|                       |   |         |                                  |                                |
| <b>SRMR</b>           | <p>Standardized root mean square residual (SRMR) is a badness-of-fit index (Iacobucci, 2010). In other words, the larger values signal worse fit of the model. SRMR is zero when the model predictions match the data perfectly. Anderson and Gerbing (1984, p. 171) proposed that SRMR will be “enhanced (lowered) when the measurement model is clean (high factor loadings)”. The index is also a good indicator of whether the researcher’s model captures the data (Iacobucci, 2010).</p>  | 0.0-1.0 | <0.05                            | Byrne (2010);                  |
|                       |   |         | <0.08 (acceptable fit)           | Hu and Bentler (1999)          |
|                       |   |         | <0.08 (with CFI >0.92)           | Hair <i>et al.</i> (2010)      |

## Appendix D - 13 Western Luxury Brands

| Western Luxury Goods Selection               |                                     |                          |                           |
|--|-------------------------------------|--------------------------|---------------------------|
|  | Handbags, Suitcases,<br>and Wallets | Watches and<br>Jewellery | Perfumes and<br>Cosmetics |
| Breguet                                      | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Burberry                                     | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Bvlgari                                      | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Cartier                                      | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Chanel                                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Dunhill                                      | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| GUCCI  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Hermes                                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Hugo Boss                                    | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Louis Vuitton                                | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Patek Philippe                               | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Prada  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Rolex  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |
| Other Brands (please<br>state the name here) | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>  |

## Appendix E - 19 Western Luxury Brands

| Brand Name      | Country     | Year | Leather goods<br>&<br>Accessories | Perfumes<br>&<br>Cosmetics | Watches<br>&<br>Jewellery |
|-----------------|-------------|------|-----------------------------------|----------------------------|---------------------------|
| Bally           | Switzerland | 1851 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Bottega Veneta  | Italy       | 1966 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Burberry        | England     | 1856 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Bvlgari         | Italy       | 1884 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Cartier         | France      | 1847 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Celine          | France      | 1945 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Chanel          | France      | 1910 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dior            | France      | 1947 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dolce & Gabbana | Italy       | 1985 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dunhill         | England     | 1967 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Giorgio Armani  | Italy       | 1974 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| GUCCI           | Italy       | 1921 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Hermes          | France      | 1837 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Hugo Boss       | Germany     | 1923 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Louis Vuitton   | France      | 1854 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Prada           | Italy       | 1913 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Breguet         | Switzerland | 1775 |                                   |                            | <input type="checkbox"/>  |
| Patek Philippe  | Switzerland | 1851 |                                   |                            | <input type="checkbox"/>  |
| Rolex           | Switzerland | 1905 |                                   |                            | <input type="checkbox"/>  |

**\*\*Other brands and products (please state the name here)**

---

## Appendix F - A Screening Questionnaire

### Screening Questionnaire – 2011

1. Are you under 18 years old?

☐ Yes ☐ No

2. Have you ever bought any Western luxury goods in mainland China in the **past 12 month**?

☐ Yes ☐ No

3. Please place a **tick (✓)** in the **boxes** below the Western luxury brand(s) that you have bought since **2009** (you may check more than one).

| Brand Name      | Country     | Year | Leather goods<br>&<br>Accessories | Perfumes<br>&<br>Cosmetics | Watches<br>&<br>Jewellery |
|-----------------|-------------|------|-----------------------------------|----------------------------|---------------------------|
| Bally           | Switzerland | 1851 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Bottega Veneta  | Italy       | 1966 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Burberry        | England     | 1856 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Bvlgari         | Italy       | 1884 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Cartier         | France      | 1847 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Celine          | France      | 1945 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Chanel          | France      | 1910 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dior            | France      | 1947 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dolce & Gabbana | Italy       | 1985 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dunhill         | England     | 1967 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Giorgio Armani  | Italy       | 1974 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| GUCCI           | Italy       | 1921 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Hermes          | France      | 1837 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Hugo Boss       | Germany     | 1923 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Louis Vuitton   | France      | 1854 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Prada           | Italy       | 1913 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Breguet         | Switzerland | 1775 |                                   |                            | <input type="checkbox"/>  |
| Patek Philippe  | Switzerland | 1851 |                                   |                            | <input type="checkbox"/>  |
| Rolex           | Switzerland | 1905 |                                   |                            | <input type="checkbox"/>  |

**\*\* Other brands and products (please state the name here)**

\_\_\_\_\_

## Appendix G - An Example Information Sheet

Dear Respondent,

I am Ning Li, a second year doctoral student at Newcastle Business School, Northumbria University, UK. I am conducting research on Chinese consumer's behaviour toward the Western luxury brands. For the interest of this research, I would like to obtain your thoughts, experiences and views on purchasing Western luxury brands in mainland China. Therefore, I have enclosed a survey questionnaire that includes a set of questions/statements asking you for your opinions. The findings of this research will hopefully contribute to both the theory and practice in marketing for Western luxury brands in China.

This survey is entirely voluntary. However, you can help us very much by taking a few minutes to share your experiences and opinions about purchasing Western luxury brands in China. Further to that, your answers will be treated in the strictest confidence and no person data will be stored.

In order to express the strength of your feelings please tick (✓) the appropriate numbered box. There is no right or wrong answers for the questions and we would like to capture your first impressions and the immediate feelings about the questions. The questionnaire should take an approximate 10-15minutes to complete.

All respondents will be offered the opportunity to remain anonymous. Moreover, all data obtained by the researcher from this questionnaire will not be disclosed to any third party and will be used solely for purpose of this research. This research has complied and granted approval with the ethical code of practice set by the Newcastle Business School.

Enclosed below is my personal contact information. Please do not hesitate to contact me if you have any questions or queries with regards to this questionnaires or its outcome.

Lastly, I would also like to thank you for taking time to participate in this questionnaire. I look forward to learning about your thoughts and experiences for Western luxury brands.

Sincerely

Researcher: Ning Li

Newcastle Business School  
City Campus East  
Newcastle Upon Tyne  
NE1 8ST

Tel: +44 (0) 7588645028

Email: [ning.li@unn.ac.uk](mailto:ning.li@unn.ac.uk)



## Appendix H - Organisational Consent Form

### Organisational Consent Form



#### RESEARCH ORGANISATION INFORMED CONSENT FORM

Newcastle Business School  
University of Northumbria

Completion of this form is required whenever research is being undertaken by NBS staff or students within any organisation. This applies to research that is carried out on the premises, or is about an organisation, or members of that organisation or its customers, as specifically targeted as subjects of research.

The researcher must supply an explanation to inform the organisation of the purpose of the study, who is carrying out the study, and who will eventually have access to the results. In particular issues of anonymity and avenues of dissemination and publications of the findings should be brought to the organisations' attention.

Researcher's Name: \_\_\_\_\_ NING LI \_\_\_\_\_

Student ID No. (if applicable): \_\_\_\_\_ 07035165 \_\_\_\_\_

Researcher's Statement:

#### **Research Purpose**

The purpose of the research is to identify what factors are important to Chinese consumers in brand commitment to Western luxury brands in China.

#### **Parties Involved?**

- Individual Chinese consumers who have experience purchasing Western luxury brands, and are willing to participate. The researcher will use a screening questionnaire to select respondents. Through the screening questionnaire any respondents below 18 years old and/or have no experience of purchasing Western luxury brands, will not be selected.
- The research will be conducted by Ning Li, a final year doctoral student at Newcastle Business School, Northumbria University. His PhD research is on Chinese consumer's behaviour toward the Western luxury brands. The findings of this research will hopefully contribute to both the theory and practice of marketing in Western luxury brands in China.
- Four other people have helped collect data under the supervision of Ning Li.
- Organization and individual participation is entirely voluntary and each may withdraw at any time.

#### **Research Method**

Survey questionnaire will be employed in this research. All potential research participants will be selected via shopping mall intercept approach: they will be asked to complete the paper questionnaire without to sign their own name.

### **Location of Research**

The survey questionnaire collection will take place in shopping mall(s) rather than at a specific luxury outlet.

### **Timescale**

The data collection timescale is from Friday 28<sup>th</sup> October 2011 – Monday 28<sup>th</sup> November 2011.

### **Time Commitment**

#### ***Individual Chinese Consumers***

- An initial greeting and a briefly explanation of the purpose of the survey. It will allow potential participants to decide whether they would like to participate in the research.
- The screening questionnaire takes approximately 1 minute to complete.
- The survey questionnaire takes approximately 10 -15 minutes to complete.

### **Anonymity**

All information in this study will be anonymised, with all names of shopping mall(s) changed. And also, completed questionnaire will be in an anonymised form.

### **Confidentiality**

All data will be stored securely either electronically on computer or in hard copy version in a locked cabinet (No.21, 4<sup>th</sup> floor, CCE1, NBS). As part of the data analysis process, hard copies of the anonymised transcripts (raw data) may be given to the doctoral supervision team.

### **Research Dissemination**

Data obtained through this research will be reproduced and published in a variety of forms and for a variety of audiences related to the broad nature of the research detailed above (i.e. conferences, peer reviewed journals, articles etc.).

### **Queries**

Please direct any queries regarding this research to Ning Li on +44 (0) 7588645028 or [ning.li@unn.ac.uk](mailto:ning.li@unn.ac.uk)

Any organisation manager or representative who is empowered to give consent may do so here:

Name: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Organisation Name: \_\_\_\_\_

Location: \_\_\_\_\_

Anonymity must be offered to the organisation if it does not wish to be identified in the research report. Confidentiality is more complex and cannot extend to the markers of student work or the reviewers of staff work, but can apply to the published outcomes. If confidentiality is required, what form applies?

- ☐ No confidentiality required
- ☐ Masking of organisation name in research report
- ☐ No publication of the research results without specific organisational consent
- ☐ Other by agreement as specified by addendum

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

This form can be signed via email if the accompanying email is attached with the signer's personal email address included. The form cannot be completed by phone, rather should be handled via post.

# Appendix I - Student Research Ethical Issues Form

Newcastle Business School  
Student Research Ethical Issues Form



|                                 |   |
|---------------------------------|---|
| Student Name:                   | Ning Li   |
| Portfolio Area:                 | PhD   |
| Title of Research Project:      | What Factors are Important in Brand Commitment to Western Luxury Brands in China? |
| Start Date of Research project: | 27 <sup>th</sup> September 2010   |

|   | Comments  |
|---|---|
| Brief description of the proposed research methods including, in particular, whether human subjects will be involved and how. | <p>The purpose of the research is to identify what factors are important to Chinese consumers in brand commitment to Western luxury brands in China.</p> <p>The study will be conducted in Beijing city, China. For the purpose of the research, quantitative data will be gathered via a self-administered (face-to-face) survey questionnaire. I will managing and leading the data collection process but will be assisted by four other people. Respondents will be selected through a quota sample (age, gender, education, profession and annual personal income). Potential sample size is approximately 1,200. The study will test hypotheses in relation to brand trust, brand affect, brand value, brand image and brand commitment.</p> <p><i>Human subjects involvement</i></p> <p>In this research, human subjects will be involved as participants of survey questionnaire. Potential participants will be asked to complete a survey questionnaire. Before completing the questionnaire, respondents will read an appropriate statement of individual informed consent and that by completing the questionnaire they are indicating acceptance.</p> <p>Participants will be informed of data protection and confidentiality issues in line with the Northumbria University Ethics policy.</p> <p>Permission from the shopping mall(s) will be obtained prior to undertaking data collection.</p> |
| Ethical issues that may arise (if none, state "None" and give reasons)  | <p>This research will involve gathering information from human subjects; there are several ethical issues that need to be considered. However, the major ethical issue that may arise include: the need to gain an informed consent; the need to assure respondents of anonymity and confidentiality; ethical issues related to the data protection and storage when receiving, processing and finally disseminating the data.</p>  |
| How will the ethical issues be addressed? (if none state n/a)   | <p>For the purpose of this research the respondents will be approached and data will be collected as per the guidelines supplied in the fourth edition (2010-11) hand book of Northumbria University's the "Research Ethics and Governance Handbook" (detailed at: <a href="http://www.northumbria.ac.uk/static/5007/respdf/ethics_handbook_2.pdf">http://www.northumbria.ac.uk/static/5007/respdf/ethics_handbook_2.pdf</a>).</p>  |

|  |  |
|--|--|
|  | <p>All respondents will be selected using a screening questionnaire. Through the screening questionnaire any respondents below 18 years old will not be selected for the survey.</p> <p>A “freely given” and “fully informed consent” will be gained from the respondents in order to respect the autonomy of the participants, and to protect their welfare. The informed consent will be obtained by providing them with adequate appropriate information to make an informed decision. Thus, the consent gained from the Chinese consumers will be voluntary in nature with no coercion or under pressure.</p> <p>An information sheet will be given to all the participants who agree and provide consent to participate in the survey. The notice will clearly indicate the participants as follow:</p> <ul style="list-style-type: none"> <li>• The aim of the research project and the manner in which the information they supply will be used.</li> <li>• Name and contact details for the data controller (Newcastle Business School, Northumbria University).</li> <li>• A brief clearly description of research aim and objectives.</li> <li>• A clear description of what information will be required from the participants.</li> <li>• A clear description of the research output.</li> <li>• A statement which outlines how the data collected will be managed.</li> <li>• A statement which outlines the participants rights under the UK data protection act and that the fact that the participants who participate in this research: can withdraw their permission at any time; can ask to access the information at anytime and know who to contact and how to contact.</li> <li>• A statement which indicates how the anonymity will be maintained.</li> <li>• Contact details of the researcher participants in case wish to review the final report.</li> </ul> <p>The ethical issues related to the data protection when receiving, processing, and finally disseminating using data for publications and further research will be addressed by:</p> <ol style="list-style-type: none"> <li>1. To ensure the participants right to anonymity and confidentiality by using a reference number to identify the respondents rather than their real names.</li> <li>2. To ensure that personal information of participants will not be disclosed to any third party and will be used solely for purposes of this research.</li> <li>3. To allow participants an opportunity to withdraw their consent to process data.</li> <li>4. To ensure a secure storage of data in an appropriate manner.</li> </ol> <p>For this research, any ‘hard copy’ recodes such as paper documents,</p> |
|--|--|

|   |  |
|---|--|
|   | <p>removable media (memory sticks) that may consist information relevant to participants, or any sensitive personal data, or commercially sensitive data should be stored and indexed in appropriate secure containers such as lockable filing cabinets (No. 21, 4<sup>th</sup> floor, CCE1, NBS).</p> <p>Moreover, ‘electronic recodes’ should be stored in logical files structures and indexed using logical file naming conventions and appropriate security measures.</p> <p>Additionally, appropriate security measures will be taken in order to make sure that data is stored in a manner that will prevent unauthorised access, such as hard copy materials that contains personal and sensitive research data will be secured by locking them away in a filing cabinet.</p> <p>Personal or sensitive data (Excel or SPSS dataset) is held on a computer for research and data analysis purposes will be secured through following three ways:</p> <ol style="list-style-type: none"> <li>1). Applying a password to the parent folder.</li> <li>2). Remembering to lock the desktop when leaving the research suite (CCE1-415) – i.e. pressing “Ctrl, Alt and Delete” and selecting “Lock Computer”.</li> <li>3). Limiting access to the storage area – i.e. setting permissions to allow only key individuals (principal supervisor and assistant administrators).</li> </ol> |
| <p>Has informed consent of research participants been considered?</p> <p>If appropriate, has an informed consent form been completed?</p> | <p>Yes, informed consent has been considered and will be gained from all of the participants who will participate in the survey.</p>   |
| <p>Has organisational consent been considered?</p> <p>If appropriate, has an organisational consent form been completed?</p>              | <p>But, shopping mall(s) will give organisational consent prior to the survey being undertake.</p>   |

Please tick to confirm acceptance that it is your responsibility to store and destroy the data appropriately. ☒

Student Signature (indicating that the research will be conducted in conformity with the above and agreeing that any significant change in the research project will be notified and a further “Ethical Issues Form” submitted).

**Date:** ..... **Student**

**Signature:** .....

Supervisor:

I confirm that I have read this form and I believe the proposed research will not breach University policies.

The appropriate completion of this form is a critical component of the University Policy on Ethical Issues in Research and Consultancy. If further advice is required, please contact the School Ethics Sub Committee through the Academic Support Office in the first instance.

## Appendix J - Pilot Study Questionnaire (English Version)

### Screening Questionnaire – 2011

1. Are you under 18 years old?

Yes

No

2. Have you ever bought any Western luxury goods in mainland China since **January 2009**?

Yes

No

3. Please place a ***tick (✓)*** in the **boxes** below the Western luxury brand(s) that you have bought since **January 2009** (you may tick more than one).

| Western Luxury Goods Selection               |  |                          |                           |
|--|--|--------------------------|---------------------------|
|  | Handbags,<br>Suitcases, and<br>Wallets | Watches and<br>Jewellery | Perfumes and<br>Cosmetics |
| Breguet                                      | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Burberry                                     | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Bvlgari                                      | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Cartier                                      | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Chanel                                       | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Dunhill                                      | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| GUCCI  | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Hermes                                       | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Hugo Boss                                    | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Louis Vuitton                                | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Patek Philippe                               | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Prada  | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Rolex  | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |
| Other Brands (please<br>state the name here) | <input type="checkbox"/>               | <input type="checkbox"/> | <input type="checkbox"/>  |



|  |
|--|
| <p style="text-align: center;"><b>Chinese Purchasing Behaviour toward Western Luxury Brands</b><br/><b>Survey Questionnaire – 2011</b></p> |
|--|

I am Ning Li, a second year doctoral student at Newcastle Business School, Northumbria University, UK. I am conducting research on Chinese consumer's behaviour toward the Western luxury brands. For the interest of this research, I would like to obtain your thoughts, experiences and views on purchasing Western luxury brands in mainland China. Therefore, I have enclosed a survey questionnaire that includes a set of questions/statements asking you for your opinions. The findings of this research will hopefully contribute to both the theory and practice in marketing for Western luxury brands in China.

In order to express the strength of your feelings please tick (✓) the appropriate numbered box. There is no right or wrong answers for the questions and we would like to capture your first impressions and the immediate feelings about the questions. The questionnaire should take an approximate 10-15minutes to complete.

I want to stress that your participation in this survey is entirely voluntary. Further to that, your answers will be treated in the strictest confidence and no person data will be stored. All respondents will be offered the opportunity to remain anonymous. Moreover, all data obtained by the researcher from this questionnaire will not be disclosed to any third party and will be used solely for purpose of this research. This research has complied and granted approval with the ethical code of practice set by the Newcastle Business School.

Enclosed below is my personal contact information. Please do not hesitate to contact me if you have any questions or queries with regards to this questionnaires or its outcome. Lastly, I would also like to thank you for taking time to participate in this questionnaire. I look forward to learning about your thoughts and experiences for Western luxury brands.

Sincerely,

Researcher: Ning Li

Tel: +44 (0) 7588645028

Email: [ning.li@unn.ac.uk](mailto:ning.li@unn.ac.uk)

**Section A: Purchasing Behaviour toward Western Luxury Brands****Official  
Use**

Please read the following statements carefully. Place only **ONE Tick (✓)** for each **statement** that most accurately reflects how strongly you disagree or agree with the statements.

- 1 = Strongly Disagree  
 2 = Disagree  
 3 = Somewhat Disagree  
 4 = Neither Disagree nor Agree  
 5 = Somewhat Agree  
 6 = Agree  
 7 = Strongly Agree  
 DK= Don't Know

| Brand Affect  | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | DK                       |      |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------|
| 1. My favourite luxury brand makes me happy.                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 1__  |
| 2. I feel good when I use my favourite luxury brand.                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 2__  |
| 3. My favourite luxury brand gives me pleasure.                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 3__  |
|   |                          |                          |                          |                          |                          |                          |                          |                          |      |
| Brand Image   | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | DK                       |      |
| 4. My favourite luxury brand is expensive.                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 4__  |
| 5. My favourite luxury brand is durable.                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 5__  |
| 6. My favourite luxury brand has technical sophistication.            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 6__  |
| 7. My favourite luxury brand performs as expected.                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7__  |
| 8. My favourite luxury brand targets high-income level.               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8__  |
| 9. My favourite luxury brand increases the respectability of me.      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 9__  |
| 10. My favourite luxury brand is admired by my friends and relatives. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 10__ |
| 11. My favourite luxury brand expresses my personality.               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11__ |

|   |                          |                          |                          |                          |                          |                          |                          |                          |     |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----|
| 1 = Strongly Disagree<br>2 = Disagree<br>3 = Somewhat Disagree<br>4 = Neither Disagree nor Agree<br>5 = Somewhat Agree<br>6 = Agree<br>7 = Strongly Agree<br>DK= Don't Know |                          |                          |                          |                          |                          |                          |                          |                          |     |
| <b>Brand Trust</b>  | <b>1</b>                 | <b>2</b>                 | <b>3</b>                 | <b>4</b>                 | <b>5</b>                 | <b>6</b>                 | <b>7</b>                 | <b>DK</b>                |     |
| 12. I trust my favourite luxury brand.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 12_ |
| 13. I rely on my favourite luxury brand.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 13_ |
| 14. My favourite luxury brand is an honest brand.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 14_ |
| 15. I feel that I can trust my favourite luxury brand completely.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 15_ |
|   |                          |                          |                          |                          |                          |                          |                          |                          |     |
| <b>Brand Value</b>  | <b>1</b>                 | <b>2</b>                 | <b>3</b>                 | <b>4</b>                 | <b>5</b>                 | <b>6</b>                 | <b>7</b>                 | <b>DK</b>                |     |
| 16. My favourite luxury brand offers value for money.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 16_ |
| 17. My favourite luxury brand has consistent quality.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 17_ |
| 18. I buy my favourite luxury brand to try to differentiate myself from others.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 18_ |
| 19. I buy my favourite luxury brand for satisfying my personal needs.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 19_ |
| 20. My favourite luxury brand makes me feel good.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 20_ |
| 21. Using my favourite luxury brand is enjoyable.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 21_ |
| 22. My favourite luxury brand makes me want to use it.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 22_ |
| 23. My favourite luxury brand helps me to feel accepted.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 23_ |
| 24. My favourite luxury brand improves the way I am perceived.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 24_ |
| 25. My favourite luxury brand makes a good impression on other people.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 25_ |
| 26. My favourite luxury brand gives me social approval.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 26_ |

| Brand Commitment   | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | DK                       |     |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----|
| 27. I feel emotionally attached to my favourite luxury brand.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 27_ |
| 28. My favourite luxury brand has a great deal of personal meaning for me.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 28_ |
| 29. I feel a strong sense of identification with my favourite luxury brand.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 29_ |
| 30. It would be very hard for me to switch away from my favourite luxury brand even if I wanted to.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 30_ |
| 31. My life would be disrupted if I switched away from my favourite luxury brand.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 31_ |
| 32. It would be too costly for me to switch from my favourite luxury brand to other luxury brands.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 32_ |
| <p align="center"><b>Section B: The Consumer's Profile</b></p> <p align="center">(Please <i>tick (✓)</i> <b>one box</b> only unless otherwise stated)</p> <p>33. Your gender?</p> <p>Male <input type="checkbox"/> Female <input type="checkbox"/></p> <p>34. Your age group?</p> <p>18—21 years <input type="checkbox"/> 22—26 years <input type="checkbox"/> 27—35 years <input type="checkbox"/></p> <p>36—45years <input type="checkbox"/> 46—50 years <input type="checkbox"/> 51 years over <input type="checkbox"/></p> <p>35. Your current occupational status?</p> <p>Employed <input type="checkbox"/> Unemployed <input type="checkbox"/> Student <input type="checkbox"/></p> <p>Housewife <input type="checkbox"/> Retired <input type="checkbox"/></p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p align="center"><b>If you are "Employed", please answer Q. 36.</b><br/> <b>Otherwise, please skip from there to Q 37.</b></p> </div> <p>36. Please indicate your current area of occupation. (<i>Tick one box</i>)</p> <p>State-owned enterprise <input type="checkbox"/> Private-owned enterprise <input type="checkbox"/></p> <p>Foreign-owned enterprise <input type="checkbox"/> Joint-venture enterprise <input type="checkbox"/></p> |                          |                          |                          |                          |                          |                          |                          |                          |     |

|   |                       |
|---|-----------------------|
| <p>Government <input type="checkbox"/>      Institution <input type="checkbox"/>      Freelance <input type="checkbox"/>      Professionals <input type="checkbox"/></p> <p>Other, (Please specify) _____</p> <p><b>37. Your highest level of education attended?</b></p> <p>PhD <input type="checkbox"/>      Master <input type="checkbox"/>      Undergraduate <input type="checkbox"/>      Junior college <input type="checkbox"/></p> <p>Senior middle school <input type="checkbox"/>      Junior middle school <input type="checkbox"/>      Primary school <input type="checkbox"/></p> <p>Other, (Please specify) _____</p> <p><b>38. Your annual personal income (RMB) currently?</b></p> <p>less than 50,000 <input type="checkbox"/>      50,000 – 100,000 <input type="checkbox"/>      101,000 – 150,000 <input type="checkbox"/></p> <p>151,000 – 200,000 <input type="checkbox"/>      201,000 – 250,000 <input type="checkbox"/>      251,000 – 300,000 <input type="checkbox"/></p> <p>301,000 – 350,000 <input type="checkbox"/>      351,000 – 400,000 <input type="checkbox"/>      401,000 – 450,000 <input type="checkbox"/></p> <p>451,000 and over <input type="checkbox"/></p> <p><b>39. If you have any additional comments you wish to make about your answers or the contents of this questionnaire, please provide these below:</b></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Please leave your an email address below if you wish to receive a summary of the overall findings of this research.</p> <p>_____</p> | <p>37_</p> <p>38_</p> |
|---|-----------------------|

Thank you very much for your time in complete this questionnaire!

All information that you provide will be used in the strictest confidence and  
anonymity!

## Appendix K - Pilot Study Questionnaire (Chinese Version)

### 筛选问卷 - 2012

1. 您是 18 岁以下么？

是

否

2. 自从 2009 年 1 月份以来，您曾经在国内购买过任何外国奢侈品吗？

是

否

3. 自从 2009 年 1 月份以来，您购买过以下外国奢侈品牌的那些产品？并相应的  
☐ 内打(✓)。(可以多选)

| 外国奢侈品牌                |                          |                          |                          |
|-----------------------|--------------------------|--------------------------|--------------------------|
|                       | 手提包, 手提箱, 钱包             | 手表, 珠宝                   | 香水, 化妆品                  |
| Breguet (宝玑)          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Burberry (巴宝莉)        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bvlgari (宝嘉丽)         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cartier (卡地亚)         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Chanel (香奈儿)          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Dunhill (登喜路)         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| GUCCI (古奇)            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hermes (爱马仕)          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hugo Boss (波士)        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Louis Vuitton (路易威登)  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Patek Philippe (百达翡丽) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Prada (普拉达)           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Rolex (劳力士)           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

4. 如果您购买过其它外国奢侈品，其列出具体的品牌和产品类别。

---

## 中国消费者奢侈品消费行为调查问卷 - 2012

您好！欢迎您参加本次社会调查并抽出宝贵时间协助完成此问卷。该问卷是英国诺森比亚大学商学院李宁博士生关于中国消费者奢侈品消费行为研究课题的一部分。本问卷为匿名调查问卷，自愿参加。

请根据您的第一感觉选择最能表达您观点的选项并打钩（√）。选项没有正误之分，也不会遭遇任何评价，回答内容绝对保密。调查结果仅供学术研究，不会给付其它用途或给与任何第三方。

该问卷预计可在 10 分钟左右完成，感谢您的支持！

若有任何关于问卷调查的疑问，请您及时与李宁联系。

谢谢！

李宁

博士研究生

英国诺森比亚大学商学院

电话：+0044 07588645028

+0086 15238289898

电子邮件：[ning.li@unn.ac.uk](mailto:ning.li@unn.ac.uk)

| A 部分：外国奢侈品的购买行为                   |                          |                          |                          |                          |                          |                          |                          | 本栏<br>目供<br>分析<br>者使<br>用 |      |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|------|
| (请回答以下问题，并在选中的答案□内打（√）。请只选择一个答案。) |                          |                          |                          |                          |                          |                          |                          |                           |      |
| 1 = 非常不同意                         |                          |                          |                          |                          |                          |                          |                          |                           |      |
| 2 = 不同意                           |                          |                          |                          |                          |                          |                          |                          |                           |      |
| 3 = 有点不同意                         |                          |                          |                          |                          |                          |                          |                          |                           |      |
| 4 = 既不同意也同意                       |                          |                          |                          |                          |                          |                          |                          |                           |      |
| 5 = 有点同意                          |                          |                          |                          |                          |                          |                          |                          |                           |      |
| 6 = 同意                            |                          |                          |                          |                          |                          |                          |                          |                           |      |
| 7 = 非常同意                          |                          |                          |                          |                          |                          |                          |                          |                           |      |
| DK= 不知道                           |                          |                          |                          |                          |                          |                          |                          |                           |      |
|                                   | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | DK                        |      |
| 1. 我最喜欢的奢侈品牌使我感到愉悦。               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 1__  |
| 2. 当使用最喜欢的奢侈品牌时，我感觉很好。            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 2__  |
| 3. 我最喜欢的奢侈品牌使我感到满足。               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 3__  |
|                                   |                          |                          |                          |                          |                          |                          |                          |                           |      |
|                                   | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | DK                        |      |
| 4. 我最喜欢的奢侈品牌价格昂贵。                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 4__  |
| 5. 我最喜欢的奢侈品牌使用期较长。                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 5__  |
| 6. 我最喜欢的奢侈品牌具有精致的工艺和技术。           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 6__  |
| 7. 我最喜欢的奢侈品牌符合我的期望值。              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 7__  |
| 8. 我最喜欢的奢侈品牌只针对高收入人群。             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 8__  |
| 9. 我最喜欢的奢侈品牌会让我得到更多的尊重。           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 9__  |
| 10. 我最喜欢的奢侈品牌是被我的亲友们所赞赏的。         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 10__ |
| 11. 我最喜欢的奢侈品牌彰显我的个性。              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>  | 11__ |



|                               | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | DK                       |     |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----|
| 12. 我信任我最喜欢的奢侈品牌。             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 12_ |
| 13. 我依赖于我最喜欢的奢侈品牌。            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 13_ |
| 14. 我最喜欢的奢侈品牌是一个诚实可靠的品牌。      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 14_ |
| 15. 我认为我完全可以相信我最喜欢的奢侈品牌。      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 15_ |
|                               |                          |                          |                          |                          |                          |                          |                          |                          |     |
|                               | 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | DK                       |     |
| 16. 我最喜欢的奢侈品牌是物有所值的。          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 16_ |
| 17. 我最喜欢的奢侈品牌的品质始终如一。         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 17_ |
| 18. 购买我最喜欢的奢侈品牌是为了让自己显得与众不同。  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 18_ |
| 19. 购买我最喜欢的奢侈品牌为了满足我个人的需要。    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 19_ |
| 20. 我最喜欢的奢侈品牌让我感觉很好。          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 20_ |
| 21. 使用我最喜欢的奢侈品牌是一种享受。         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 21_ |
| 22. 我最喜欢的奢侈品牌让我有使用它的欲望。       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 22_ |
| 23. 我最喜欢的奢侈品牌让我觉得更容易被人接受。     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 23_ |
| 24. 我最喜欢的奢侈品牌可以改善其他人对我的认识。    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 24_ |
| 25. 我最喜欢的奢侈品牌使我在别人面前留下一个好的印象。 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 25_ |
| 26. 我最喜欢的奢侈品牌帮助我得到社会认可。       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 26_ |
|                               |                          |                          |                          |                          |                          |                          |                          |                          |     |



|  |            |
|--|------------|
| <p>36. 请指出您现在的职业范围。（<i>请只选择一项</i>）</p> <p>政府部门 <input type="checkbox"/>      事业单位 <input type="checkbox"/>      国企 <input type="checkbox"/>      私企 <input type="checkbox"/></p> <p>外资 <input type="checkbox"/>      合资 <input type="checkbox"/>      自由职业 <input type="checkbox"/>      专业工作 <input type="checkbox"/></p> <p>其他, (请明确说明) _____</p>  | <p>36_</p> |
| <p>37. 您所受的最高教育程度？</p> <p>博士 <input type="checkbox"/>      研究生及相等学历 <input type="checkbox"/>      本科 <input type="checkbox"/>      大/中专 <input type="checkbox"/></p> <p>高中 <input type="checkbox"/>      初中 <input type="checkbox"/>      小学 <input type="checkbox"/>      其他, (请明确说明) _____</p>   | <p>37_</p> |
| <p>38. 您现在的个人年均收入？</p> <p>低于 5 万元 <input type="checkbox"/>      5 万元— 10 万元 <input type="checkbox"/></p> <p>10 万元以上—15 万元 <input type="checkbox"/>      15 万元以上—20 万元 <input type="checkbox"/></p> <p>20 万元以上—25 万元 <input type="checkbox"/>      25 万元以上—30 万元 <input type="checkbox"/></p> <p>30 万元以上—35 万元 <input type="checkbox"/>      35 万元以上—40 万元 <input type="checkbox"/></p> <p>40 万元以上—45 万元 <input type="checkbox"/>      45 万元以上 <input type="checkbox"/></p> | <p>38_</p> |
| <p>39. 如果您对本问卷中所列出的问题有补充，建议或者是整个问卷的设计有意见和想法的，请写在下面：</p> <hr/> <hr/> <hr/> <hr/> <p>如果您想知道关于本课题研究的最终结果，请留下您的电子邮件地址或者其他联系方式：</p> <hr/> <hr/>   |            |

非常感谢您的帮助！

您所回答的内容绝对保密和匿名！

## Appendix L - Coding Plan for Pilot Study Questionnaire

| Questionnaire | Construct    | SPSS Variable Name | Questions   | Coding Instructions   |
|---------------|--------------|--------------------|---|---|
| <b>Q1</b>     | Brand Affect | BA1                | My favourite luxury brand makes me happy.               | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q2</b>     | Brand Affect | BA2                | I feel good when I use my favourite luxury brand.       | 1=Strongly Disagree, 2= Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q3</b>     | Brand Affect | BA3                | My favourite luxury brand gives me pleasure.            | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7 =Strongly Agree, 9999=Don't Know |
| <b>Q4</b>     | Brand Image  | BI1                | My favourite luxury brand is expensive.                 | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q5</b>     | Brand Image  | BI2                | My favourite luxury brand is durable.                   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7 =Strongly Agree, 9999=Don't Know |
| <b>Q6</b>     | Brand Image  | BI3                | My favourite luxury brand has technical sophistication. | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q7</b>     | Brand Image  | BI4                | My favourite luxury brand performs as expected.         | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q8</b>     | Brand Image  | BI5                | My favourite luxury brand targets high-income level.    | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,   |

|            |             |     |   |   |
|------------|-------------|-----|---|---|
|            |             |     |   | 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q9</b>  | Brand Image | BI6 | My favourite luxury brand increases the respectability of me.     | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q10</b> | Brand Image | BI7 | My favourite luxury brand is admired by my friends and relatives. | 1=Strongly Disagree, 2= Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q11</b> | Brand Image | BI8 | My favourite luxury brand expresses my personality.               | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q12</b> | Brand Trust | BT1 | I trust my favourite luxury brand.                                | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q13</b> | Brand Trust | BT2 | I rely on my favourite luxury brand.                              | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q14</b> | Brand Trust | BT3 | My favourite luxury brand is an honest brand.                     | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q15</b> | Brand Trust | BT4 | I feel that I can trust this brand completely.                    | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q16</b> | Brand Value | BV1 | My favourite luxury brand offers value for money.                 | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q17</b> | Brand Value | BV2 | My favourite luxury brand has consistent quality.                 | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither   |

|            |             |      |   |   |
|------------|-------------|------|---|---|
|            |             |      |   | disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999=Don't Know  |
| <b>Q18</b> | Brand Value | BV3  | I buy my favourite luxury brand to try to differentiate myself from others. | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999=Don't Know  |
| <b>Q19</b> | Brand Value | BV4  | I buy my favourite luxury brand for satisfying my personal needs.           | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999=Don't Know  |
| <b>Q20</b> | Brand Value | BV5  | My favourite luxury brand makes me feel good.                               | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999=Don't Know  |
| <b>Q21</b> | Brand Value | BV6  | Using my favourite luxury brand is enjoyable.                               | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999=Don't Know  |
| <b>Q22</b> | Brand Value | BV7  | My favourite luxury brand makes me want to use it.                          | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999=Don't Know  |
| <b>Q23</b> | Brand Value | BV8  | My favourite luxury brand helps me to feel accepted.                        | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999=Don't Know  |
| <b>Q24</b> | Brand Value | BV9  | My favourite luxury brand improves the way I am perceived.                  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999= Don't Know |
| <b>Q25</b> | Brand Value | BV10 | My favourite luxury brand makes a good impression on other people.          | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6=Agree, 7=Strongly Agree,<br>9999=Don't Know  |

|            |                     |        |   |   |
|------------|---------------------|--------|---|---|
| <b>Q26</b> | Brand Value         | BV11   | My favourite luxury brand gives me social approval.   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q27</b> | Brand Commitment    | BC1    | I feel emotionally attached to my favourite luxury brand.                                       | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q28</b> | Brand Commitment    | BC2    | My favourite luxury brand has a great deal of personal meaning for me.                          | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q29</b> | Brand Commitment    | BC3    | I feel a strong sense of identification with my favourite luxury brand.                         | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q30</b> | Brand Commitment    | BC4    | It would be very hard for me to switch away from my favourite luxury brand even if I wanted to. | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5 =Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q31</b> | Brand Commitment    | BC5    | My life would be disrupted if I switched away from my favourite luxury brand.                   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q32</b> | Brand Commitment    | BC6    | It would be too costly for me to switch from my favourite luxury brand to other luxury brands.  | 1=Strongly Disagree, 2 =Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6=Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q33</b> | Gender              | Gender | You gender?   | 1 =Male, 2 = Female   |
| <b>Q34</b> | Age Group           | Age    | Your age group?   | 1=18- 21 years, 2=22-26 years, 3=27-35 years, 4=36-45 years,5=46-50 years, 6=51 years over  |
| <b>Q35</b> | Occupational Status | Status | Your current occupational status?   | 1=Employed,2=Unemployed, 3=Student, 4=Housewife, 5=Retired  |
| <b>Q36</b> | Occupation Area     | Area   | Please indicate your current area of occupation.  | 1=Government, 2=Institution, 3=State-owned enterprise, 4=Private-owned enterprise, 5=Foreign-owned enterprise, 6=Joint-venture enterprise,        |

|            |                        |           |  |   |
|------------|------------------------|-----------|--|---|
|            |                        |           |  | 7=Freelance, 8=Professionals, 9=Others  |
| <b>Q37</b> | Education Level        | Education | Your highest level of education attended?    | 1=PhD, 2=Master, 3=Undergraduate, 4=Junior College, 5=Senior Middle School, 6=Junior Middle School, 7=Primary School, 8=Others  |
| <b>Q38</b> | Annual Personal Income | Income    | Your annual personal income (RMB) currently? | 1= less than 50,000; 2=50,000 – 100,000; 3=101,000 – 150,000; 4=151,000 – 200,000; 5=201,000 – 250,000; 6=251,000 – 300,000; 7=301,000 – 350,000; 8=351,000 – 400,000; 9=401,000 – 450,000; 10=451,000 and over |

*(Missing Data – use a number “9999” in Excel wherever appropriate or define missing values in SPSS as described earlier).*



## Appendix M - Main Study Questionnaire (English Version)

### Screening Questionnaire – 2012

1. Are you under 18 years old?

☐ Yes ☐ No

2. Have you ever bought any Western luxury goods in mainland China in the **past 12 month**?

☐ Yes ☐ No

3. Please place a **tick (✓)** in the **boxes** below the Western luxury brand(s) that you have bought since **2009** (you may check more than one).

| Brand Name      | Country     | Year | Leather goods<br>&<br>Accessories | Perfumes<br>&<br>Cosmetics | Watches<br>&<br>Jewellery |
|-----------------|-------------|------|-----------------------------------|----------------------------|---------------------------|
| Bally           | Switzerland | 1851 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Bottega Veneta  | Italy       | 1966 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Burberry        | England     | 1856 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Bvlgari         | Italy       | 1884 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Cartier         | France      | 1847 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Celine          | France      | 1945 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Chanel          | France      | 1910 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dior            | France      | 1947 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dolce & Gabbana | Italy       | 1985 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Dunhill         | England     | 1967 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Giorgio Armani  | Italy       | 1974 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| GUCCI           | Italy       | 1921 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Hermes          | France      | 1837 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Hugo Boss       | Germany     | 1923 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Louis Vuitton   | France      | 1854 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Prada           | Italy       | 1913 | <input type="checkbox"/>          | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Breguet         | Switzerland | 1775 |                                   |                            | <input type="checkbox"/>  |
| Patek Philippe  | Switzerland | 1851 |                                   |                            | <input type="checkbox"/>  |
| Rolex           | Switzerland | 1905 |                                   |                            | <input type="checkbox"/>  |

**\*\*Other brands and products (please state the name here)**

\_\_\_\_\_

|  |
|--|
| <p style="text-align: center;"><b>Chinese Purchasing Behaviour toward Western Luxury Brands</b><br/><b>Survey Questionnaire – 2012</b></p> |
|--|

I am Ning Li, a second year doctoral student at Newcastle Business School, Northumbria University, UK. I am conducting research on Chinese consumer's behaviour toward the Western luxury brands. For the interest of this research, I would like to obtain your thoughts, experiences and views on purchasing Western luxury brands in mainland China. Therefore, I have enclosed a survey questionnaire that includes a set of questions/statements asking you for your opinions. The findings of this research will hopefully contribute to both the theory and practice in marketing for Western luxury brands in China.

In order to express the strength of your feelings please check (✓) the appropriate numbered box. There is no right or wrong answers for the questions and we would like to capture your first impressions and the immediate feelings about the questions. The questionnaire should take an approximate 10-15minutes to complete.

I want to stress that your participation in this survey is entirely voluntary. Further to that, your answers will be treated in the strictest confidence and no person data will be stored. All respondents will be offered the opportunity to remain anonymous. Moreover, all data obtained by the researcher from this questionnaire will not be disclosed to any third party and will be used solely for purpose of this research. This research has complied and granted approval with the ethical code of practice set by the Newcastle Business School.

Enclosed below is my personal contact information. Please do not hesitate to contact me if you have any questions or queries with regards to this questionnaires or its outcome. Lastly, I would also like to thank you for taking time to participate in this questionnaire. I look forward to learning about your thoughts and experiences for Western luxury brands.

Sincerely,  
Ning Li  
PhD Researcher  
Tel: +0044 (0)7588645028 (UK)  
+0086 15238289898 (China)  
Email: [ning.li@northumbria.ac.uk](mailto:ning.li@northumbria.ac.uk)

### Section A: Relationship between Chinese Consumers and Western Luxury Brands

Please list your three favourite luxury brands that you have purchased, in order.

The most favourite luxury brand (1<sup>st</sup>): \_\_\_\_\_ the product : \_\_\_\_\_

The second favourite luxury brand (2<sup>nd</sup>) : \_\_\_\_\_ the product : \_\_\_\_\_

The third favourite luxury brand (3<sup>rd</sup>) : \_\_\_\_\_ the product : \_\_\_\_\_

In this part, please **think of the most favourite luxury brand you listed above** to indicate your agreement with these statement. Please read the following statements carefully. Only **Check ONE (✓)** for each statement that most accurately reflects how strongly you disagree or agree with the statements.

|                   |          |                   |                            |                |       |                |             |
|-------------------|----------|-------------------|----------------------------|----------------|-------|----------------|-------------|
| Strongly Disagree | Disagree | Somewhat Disagree | Neither Disagree nor Agree | Somewhat Agree | Agree | Strongly Agree | Do not know |
|-------------------|----------|-------------------|----------------------------|----------------|-------|----------------|-------------|

|   |                          |                          |                          |                          |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. This luxury brand makes me happy.                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. I feel good when I use this luxury brand.                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. This luxury brand gives me pleasure.                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. This luxury brand is expensive.                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. This luxury brand is durable.                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. This luxury brand has technical sophistication.            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. This luxury brand performs as expected.                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. This luxury brand targets high-income level.               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. This luxury brand increases the respectability of me.      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. This luxury brand is admired by my friends and relatives. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. This luxury brand expresses my personality.               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. This luxury brand's product is conspicuous.               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. This luxury brand's product is expensive.                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. This luxury brand's product is for wealthy.               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. I trust this luxury brand.                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. I rely on this luxury brand.                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. This luxury brand is an honest brand.                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. I feel that I can trust this luxury brand completely.     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

|   | Strongly Disagree        | Disagree                 | Somewhat Disagree        | Neither Disagree nor Agree | Somewhat Agree           | Agree                    | Strongly Agree           | Do not know              |
|---|--------------------------|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 19. This luxury brand offers value for money.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. This luxury brand has consistent quality.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. I buy this luxury brand to try to differentiate myself from others.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. I buy this luxury brand for satisfying my personal needs.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. This luxury brand makes me feel good.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 24. Using this luxury brand is enjoyable.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 25. This luxury brand makes me want to use it.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 26. This luxury brand helps me to feel accepted.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 27. This luxury brand improves the way I am perceived.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 28. This luxury brand makes a good impression on other people.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 29. This luxury brand gives me social approval.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 30. If I were going to purchase a luxury product within the next 12 months, I would consider buying this luxury brand.                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 31. If I were shopping for a luxury brand within the next 12 months, the likelihood is that I would purchase this luxury brand is high. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 32. I feel emotionally attached to this luxury brand.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 33. This luxury brand has a great deal of personal meaning for me.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 34. I feel a strong sense of identification with this luxury brand.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 35. It would be very hard for me to switch away from this luxury brand even if I wanted to.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 36. My life would be disrupted if I switched away from this luxury brand.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 37. It would be too costly for me to switch from this luxury brand to other luxury brands.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

|                   |          |                   |                            |                |       |                |             |
|-------------------|----------|-------------------|----------------------------|----------------|-------|----------------|-------------|
| Strongly Disagree | Disagree | Somewhat Disagree | Neither Disagree nor Agree | Somewhat Agree | Agree | Strongly Agree | Do not know |
|-------------------|----------|-------------------|----------------------------|----------------|-------|----------------|-------------|

|   |                          |                          |                          |                          |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 38. My willingness within the next 12 months to buy this luxury brand is high.                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 39. The probability that I would buy this luxury brand within the next 12 months is high.                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 40. The price of this luxury brand would have to increase significantly before I would switch to competitor brands. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 41. I am willing to pay a higher price for this luxury brand compared with substitute brands.                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 42. I am willing to pay a lot more for this luxury brand than competitor brands.                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

43. I am willing to pay \_\_\_% more for this luxury brand over competitors' products.

|                              |                              |                              |  |
|------------------------------|------------------------------|------------------------------|--|
| <input type="checkbox"/> 0%  | <input type="checkbox"/> 5%  | <input type="checkbox"/> 10% | <input type="checkbox"/> 15%           |
| <input type="checkbox"/> 20% | <input type="checkbox"/> 25% | <input type="checkbox"/> 30% | <input type="checkbox"/> more than 30% |

44. How many times have you bought your ***most favourite luxury brand*** in the past 12 months? (Check the **one BEST** describe)

|  |
|--|
| <input type="checkbox"/> None              |
| <input type="checkbox"/> 1-2 times         |
| <input type="checkbox"/> 3-4 times         |
| <input type="checkbox"/> 5-6 times         |
| <input type="checkbox"/> 7-8 times         |
| <input type="checkbox"/> 9-10 times        |
| <input type="checkbox"/> 11 times and over |

45. On average, how much do you typically spend on all luxury products (e.g. bags, shoes, belts, watches, and perfumes) **each month** (RMB) in the past 12 months?

|  |
|--|
| <input type="checkbox"/> Under 5,000     |
| <input type="checkbox"/> 5,001 – 7,500   |
| <input type="checkbox"/> 7,501 – 10,000  |
| <input type="checkbox"/> 10,001 – 15,000 |
| <input type="checkbox"/> 15,001 – 20,000 |
| <input type="checkbox"/> 20,001 – 30,000 |
| <input type="checkbox"/> 30,001 – 40,000 |
| <input type="checkbox"/> 40,001 – 50,000 |
| <input type="checkbox"/> 50,001 and over |

## Section B: The Consumer's Profile

(Please *check (✓)* *one box* only unless otherwise stated)

### 1. Your gender?

- ☐ Male  
☐ Female

### 2. Your age group?

- ☐ 18 – 21 years old  
☐ 22 – 26 years old  
☐ 27 – 35 years old  
☐ 36 – 45 years old  
☐ 46 – 50 years old  
☐ 51 years over old

### 3. Your current occupational status?

- ☐ Unemployed  
☐ Student  
☐ Housewife  
☐ Retired  
☐ Employed

Go to Q5

### 4. (If Employed) Please indicate your current area of occupation.

- ☐ State-owned enterprise  
☐ Private-owned enterprise  
☐ Foreign-owned enterprise  
☐ Joint-venture enterprise  
☐ Government  
☐ Institution  
☐ Freelance  
☐ Professionals  
☐ Other, (Please specify)

### 5. Your highest level of education attended?

- ☐ PhD  
☐ Master  
☐ Undergraduate  
☐ Junior College  
☐ Up to Senior School  
☐ Other, (Please specify)

### 6. Your annual personal income (RMB) currently?

- ☐ Less than 50,000  
☐ 50,000 – 100,000  
☐ 101,000 – 150,000  
☐ 151,000 – 200,000  
☐ 201,000 – 250,000  
☐ 251,000 – 300,000  
☐ 301,000 – 350,000  
☐ 351,000 – 400,000  
☐ 401,000 – 450,000  
☐ 451,000 and over

Please leave your an email address below if you wish to receive a summary of the overall findings of this research.

Your email address:

\_\_\_\_\_@\_\_\_\_\_

**\*\*If you have any additional comments you wish to make about your answers or the contents of this questionnaire, please provide these below:**

**Thank you very much for your time in complete this questionnaire!**

**All information that you provide will be used in the strictest confidence and anonymity!**

## Appendix N - Main Study Questionnaire (Chinese Version)

### 筛选问卷 – 2012

1. 您是 18 岁以下么？

☐ 是      ☐ 否

2. 在过去的一年中，您曾经在国内购买过任何外国奢侈品吗？

☐ 是      ☐ 否

3. 自从 **2009 年 1 月份以来**，您购买过以下奢侈品牌的哪些产品？并相应的 ☐ 内打 (✓)。 (可以多选)

| 奢侈品牌                      | 国家  | 创立时间 | 皮具，服装，及服装搭配物             | 香水，化妆品                   | 手表，珠宝                    |
|---------------------------|-----|------|--------------------------|--------------------------|--------------------------|
| Bally (百丽)                | 瑞士  | 1851 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| BV (Bottega Veneta) (宝缇嘉) | 意大利 | 1966 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Burberry (巴宝莉)            | 英格兰 | 1856 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bvlgari (宝嘉丽)             | 意大利 | 1884 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cartier (卡地亚)             | 法国  | 1847 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Celine (赛琳)               | 法国  | 1945 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Chanel (香奈儿)              | 法国  | 1910 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Dior (迪奥)                 | 法国  | 1947 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| D&G (杜嘉班纳)                | 意大利 | 1985 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Dunhill (登喜路)             | 英格兰 | 1967 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Giorgio Armani (乔治阿玛尼)    | 意大利 | 1974 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| GUCCI (古奇)                | 意大利 | 1921 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hermes (爱马仕)              | 法国  | 1837 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hugo Boss (波士)            | 德国  | 1923 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Louis Vuitton (路易威登)      | 法国  | 1854 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Prada (普拉达)               | 意大利 | 1913 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Breguet (宝玑)              | 瑞士  | 1775 |                          |                          | <input type="checkbox"/> |
| Patek Philippe (百达翡丽)     | 瑞士  | 1851 |                          |                          | <input type="checkbox"/> |
| Rolex (劳力士)               | 瑞士  | 1905 |                          |                          | <input type="checkbox"/> |

\*\*如果您购买过其它外国奢侈品，其列出具体的品牌和产品类别。

## 中国消费者奢侈品消费行为调查问卷 – 2012

您好！欢迎您参加本次社会调查并抽出宝贵时间协助完成此问卷。该问卷是英国诺森比亚大学商学院李宁博士生关于中国消费者奢侈品消费行为研究课题的一部分。本问卷为匿名调查问卷，自愿参加。

请根据您的第一感觉选择最能表达您观点的选项并打钩（√）。选项没有正误之分，也不会给予任何评价，回答内容绝对保密。调查结果仅供学术研究，不会给付其它用途或给与任何第三方。

该问卷预计可在 10 至 15 分钟左右完成，感谢您的支持！

若有任何关于问卷调查的疑问，请您及时与李宁联系。

谢谢！

李宁

博士研究生

英国诺森比亚大学商学院

电话: +0044 07588645028 (英国)

+0086 15238289898 (中国)

电子邮件: [ning.li@northumbria.ac.uk](mailto:ning.li@northumbria.ac.uk)



## 第一部分：中国消费者与外国奢侈品的品牌关系

### I. 请列出 3 个您最喜欢购买的奢侈品牌及产品：（按照顺序列出）

第一喜欢的奢侈品牌：\_\_\_\_\_ 产品：\_\_\_\_\_

第二喜欢的奢侈品牌：\_\_\_\_\_ 产品：\_\_\_\_\_

第三喜欢的奢侈品牌：\_\_\_\_\_ 产品：\_\_\_\_\_

### II. 以下问题，是有关于您第一喜欢的奢侈品牌，请凭您的直觉选出一个最接近实际情况的选项，并在该选项的 ☐ 内打（√）。(只选择一个答案)

|                         | 非常不同意                    | 不同意                      | 有点不同意                    | 既不同意也同意                  | 有点同意                     | 同意                       | 非常同意                     | 不知道                      |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1.该奢侈品牌使我感到愉悦。          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.当使用该奢侈品牌时，我感觉很好。      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.该奢侈品牌给予我满足感。          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.该奢侈品牌的产品价格昂贵。         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.该奢侈品牌的产品使用期较长。        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.该奢侈品牌的产品具有精致的工艺和技术。   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7.该奢侈品牌的产品品质符合我的期望值。    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8.该奢侈品牌的产品针对的是高收入人群。    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9.该奢侈品牌的产品会让我得到更多的尊重。   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.该奢侈品牌的产品是被我的亲友们所赞赏的。 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11.该奢侈品牌的产品彰显我的个性。      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12.该奢侈品牌是一种社会地位的象征。     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13.该奢侈品牌是具有炫耀性的。        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14.该奢侈品牌是给富人们购买的。       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.我信任该奢侈品牌。            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.我依赖于该奢侈品牌。           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17.该奢侈品牌是一个诚实可靠的品牌。     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18.我认为我完全可以相信该奢侈品牌。     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

(请您继续回答背面的问题，谢谢合作！)

以下问题，是有关于**您第一喜欢的奢侈品牌**，请您凭您的直觉选出一个最接近实际情况的选项，并在该选项的 ☐ 内打（√）。（只选择一个答案）

|                                      | 非常不同意                    | 不同意                      | 有点不同意                    | 既不同意也同意                  | 有点同意                     | 同意                       | 非常同意                     | 不知道                      |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 19.该奢侈品牌是物有所值的。                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20.该奢侈品牌的品质始终如一。                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21.购买该奢侈品牌是为了让自己显得与众不同。              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22.购买该奢侈品牌为了满足我个人的需要。                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 23.该奢侈品牌让我感觉很好。                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 24.使用该奢侈品牌是一种享受。                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 25.该奢侈品牌让我有使用它的欲望。                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 26.我使用该奢侈品牌之后我更受欢迎。                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 27.该奢侈品牌可以改善其他人对我的认识。                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 28.该奢侈品牌使我在别人面前留下一个好的印象。             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 29.该奢侈品牌帮助我得到社会认可。                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 30.如果我在未来的一年中购买奢侈品的话，我会考虑购买该奢侈品牌的产品。 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 31.在未来的一年中，我很愿意购买该奢侈品牌。              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 32.我从情感上依恋于该奢侈品牌。                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 33.该奢侈品牌对于我意义重大。                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 34.我感觉该奢侈品牌在很大程度上可以彰显我的身份。           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 35.即使我愿意使用其它奢侈品牌，我也很难改变。             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 36.如果改变使用该奢侈品牌，我的生活会被扰乱。             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 37.用另一种奢侈品品牌取代该奢侈品牌，会让我付出太多代价。       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 38.如果我在未来的一年中购买奢侈品的话，我很可能购买该奢侈品牌的产品。 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 39.在未来的一年中，我购买该奢侈品牌的几率很高。            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

以下问题，是有关于**您第一喜欢的奢侈品牌**，请您凭您的直觉选出一个最接近实际情况的选项，并在该选项的 ☐ 内打（√）。（*只选择一个答案*）

|                                | 非常不同意                    | 不同意                      | 有点不同意                    | 既不同意也同意                  | 有点同意                     | 同意                       | 非常同意                     | 不知道                      |
|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 40.如果该奢侈品牌的价格上涨显著，我会购买竞争对手的品牌。 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 41.与同类品牌相比，我愿意为这个奢侈品牌支付更高的价格。  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 42.与竞争品牌相比，我愿意为这个奢侈品牌支付更多。     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

43.您愿意为该奢侈品牌的奢侈品支付高于其他竞争品牌 \_\_\_\_\_% 的价格？

（*请选择最合适的一项*）

- ☐ 0%
- ☐ 5%
- ☐ 10%
- ☐ 15%
- ☐ 20%
- ☐ 25%
- ☐ 30%
- ☐ 高于 30%

|   |  |
|---|--|
| 44. 在过去的一年中，您曾经多少次购买过您最喜欢的奢侈品牌？（ <i>请选择最合适的一项</i> ） | 45. 整体上来讲，在过去的一年中，您通常 <b>每月花费</b> 在所有的奢侈品上的金额是多少？（比如：包，鞋子，皮带，手表，和香水） |
| <input type="checkbox"/> 没有购买过                      | <input type="checkbox"/> 低于 5 千元人民币                                  |
| <input type="checkbox"/> 1-2 次                      | <input type="checkbox"/> 5 千元 — 7 千 5 百元人民币                          |
| <input type="checkbox"/> 3-4 次                      | <input type="checkbox"/> 7 千 5 百元以上 — 1 万元人民币                        |
| <input type="checkbox"/> 5-6 次                      | <input type="checkbox"/> 1 万元以上 — 1 万 5 千元人民币                        |
| <input type="checkbox"/> 7-8 次                      | <input type="checkbox"/> 1 万 5 千元以上 — 2 万元人民币                        |
| <input type="checkbox"/> 9-10 次                     | <input type="checkbox"/> 2 万元以上 — 3 万元人民币                            |
| <input type="checkbox"/> 11 次及以上                    | <input type="checkbox"/> 3 万元以上 — 4 万元人民币                            |
|   | <input type="checkbox"/> 4 万元以上 — 5 万元人民币                            |
|   | <input type="checkbox"/> 5 万元以上人民币                                   |

(请您继续回答背面的问题，谢谢合作！)

## 第二部分：消费者的个人资料

(请在选中的答案 ☐ 内打 (✓)，请只选择一个答案。)

### 1. 您的性别?

☐ 男

☐ 女

### 2. 您的年龄?

☐ 18—21 岁

☐ 22—26 岁

☐ 27—35 岁

☐ 36—45 岁

☐ 46—50 岁

☐ 51 岁以上

### 3. 您目前的就业状态?

☐ 未被雇佣的

☐ 学生

☐ 家庭主妇

☐ 退休

☐ 有工作的

请回答  
问题 5

### 4. 如果您的职业状态是“有工作的”，请指出您现在的职业范围。

☐ 国企

☐ 私企

☐ 外资

☐ 合资

☐ 政府部门

☐ 事业单位

☐ 自由职业

☐ 专业工作

其他, (请明确说明) \_\_\_\_\_

### 5. 您所受的最高教育程度?

☐ 博士

☐ 研究生及相等学历

☐ 本科

☐ 大/中专

☐ 高中及以下

其他, (请明确说明) \_\_\_\_\_

### 6. 您现在的个人年均收入 (人民币)?

☐ 低于 5 万元

☐ 5 万元—10 万元

☐ 10 万元以上—15 万元

☐ 15 万元以上—20 万元

☐ 20 万元以上—25 万元

☐ 25 万元以上—30 万元

☐ 30 万元以上—35 万元

☐ 35 万元以上—40 万元

☐ 40 万元以上—45 万元

☐ 45 万元以上

如果您想知道关于本课题研究的最终结果, 请留下您的电子邮件地址或者其他联系方式:

\_\_\_\_\_@\_\_\_\_\_

\*\* 如果您对本问卷中所列出的问题有补充, 建议或者是整个问卷的设计有意见和想法的, 请写在下面:

## Appendix O - Coding Plan for Main Study Questionnaire

| Questionnaire | Construct    | SPSS Variable Name | Questions   | Coding Instructions   |
|---------------|--------------|--------------------|---|---|
| Q1            | Brand affect | BA1                | This luxury brand makes me happy.                         | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q2            | Brand affect | BA2                | I feel good when I use this luxury brand.                 | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q3            | Brand affect | BA3                | This luxury brand gives me pleasure.                      | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q4            | Brand image  | BI1                | This luxury brand is expensive.                           | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q5            | Brand image  | BI2                | This luxury brand is durable.                             | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q6            | Brand image  | BI3                | This luxury brand has technical sophistication.           | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q7            | Brand image  | BI4                | This luxury brand performs as expected.                   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q8            | Brand image  | BI5                | This luxury brand targets high-income level.              | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q9            | Brand image  | BI6                | This luxury brand increases the respectability of me.     | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| Q10           | Brand image  | BI7                | This luxury brand is admired by my friends and relatives. | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |

|            |             |      |   |   |
|------------|-------------|------|---|---|
| <b>Q11</b> | Brand image | BI8  | This luxury brand expresses my personality.                         | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q12</b> | Brand value | BV12 | Luxury brand's product is conspicuous.                              | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q13</b> | Brand value | BV13 | Luxury brand's product Is expensive.                                | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q14</b> | Brand value | BV14 | Luxury brand's product is for wealthy.                              | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q15</b> | Brand trust | BT1  | I trust this luxury brand.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q16</b> | Brand trust | BT2  | I rely on this luxury brand.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q17</b> | Brand trust | BT3  | This luxury brand is an honest brand.                               | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q18</b> | Brand trust | BT4  | I feel that I can trust this luxury brand completely.               | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q19</b> | Brand value | BV1  | This luxury brand offers value for money.                           | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q20</b> | Brand value | BV2  | This luxury brand has consistent quality.                           | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q21</b> | Brand value | BV3  | I buy this luxury brand to try to differentiate myself from others. | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q22</b> | Brand value | BV4  | I buy this luxury brand for satisfying my personal needs.           | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,   |

|            |                    |      |   |  |
|------------|--------------------|------|---|--|
|            |                    |      |   | 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know  |
| <b>Q23</b> | Brand value        | BV5  | This luxury brand makes me feel good.   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q24</b> | Brand value        | BV6  | Using this luxury brand is enjoyable.   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q25</b> | Brand value        | BV7  | This luxury brand makes me want to use it.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q26</b> | Brand value        | BV8  | This luxury brand helps me to feel accepted.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q27</b> | Brand value        | BV9  | This luxury brand improves the way I am perceived.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q28</b> | Brand value        | BV10 | This luxury brand makes a good impression on other people.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q29</b> | Brand value        | BV11 | This luxury brand gives me social approval.   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q30</b> | Purchase intention | PI1  | If I were going to purchase a luxury product within the next 12 months, I would consider buying this luxury brand.                  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q31</b> | Purchase intention | PI2  | If I were shopping for a luxury brand within the next 12 months, the likelihood is that I would purchase this luxury brand is high. | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q32</b> | Brand commitment   | BC1  | I feel emotionally attached to this luxury brand.   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q33</b> | Brand commitment   | BC2  | This luxury brand has a great deal of personal meaning for me.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree,<br>5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |

|            |                    |      |  |   |
|------------|--------------------|------|--|---|
| <b>Q34</b> | Brand commitment   | BC3  | I feel a strong sense of identification with this luxury brand.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q35</b> | Brand commitment   | BC4  | It would be very hard for me to switch away from this luxury brand even if I wanted to.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q36</b> | Brand commitment   | BC5  | My life would be disrupted if I switched away from this luxury brand.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q37</b> | Brand commitment   | BC6  | It would be too costly for me to switch from this luxury brand to other luxury brands.   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q38</b> | Purchase intention | PI3  | My willingness within the next 12 months to buy this luxury brand is high.   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q39</b> | Purchase intention | PI4  | The probability that I would buy this luxury brand within the next 12 months is high.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q40</b> | Willingness to pay | WTP1 | The price of this luxury brand would have to increase significantly before I would switch to competitor brands.                              | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q41</b> | Willingness to pay | WTP2 | I am willing to pay a higher price for this luxury brand compared with substitute brands.  | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q42</b> | Willingness to pay | WTP3 | I am willing to pay a lot more for this luxury brand than competitor brands.   | 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither disagree nor agree, 5=Somewhat Agree, 6= Agree, 7=Strongly Agree, 9999=Don't Know |
| <b>Q43</b> | Willingness to pay | WTP4 | I am willing to pay __% more for this luxury brand over competitors' products.   | 1=0%; 2=5%; 3=10%; 4=15%; 5=20%; 6=25%; 7=30%; 8=more than 30%.   |
| <b>Q44</b> | Purchase frequency | PF   | How many times have you bought your <i><b>most favourite luxury brand</b></i> in the past 12 months? (Check the <b>one BEST</b> describe)    | 1=None; 2=1-2 times; 3=3-4 times; 4=5-6 times; 5=7-8 times; 6=9-10 times; 7=11 times and over.  |
| <b>Q45</b> | Spending power     | SP   | On average, how much do you typically spend on all luxury products (e.g. bags, shoes, belts, watches, and perfumes) <b>each month</b> (RMB)? | 1=Under 5,000; 2=5,001 – 7,500; 3=7,501 – 10,000; 4=10,001 – 15,000; 5=15,001 – 20,000; 6=20,001 – 30,000;  |

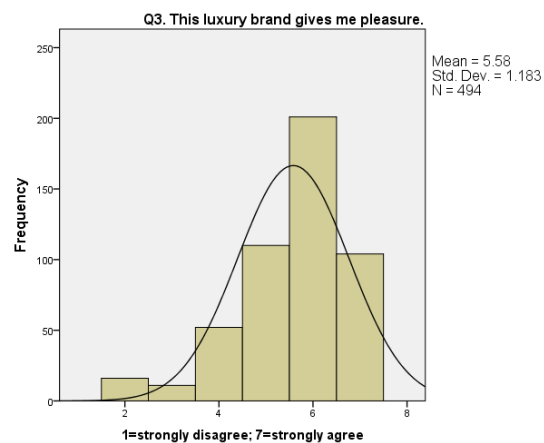
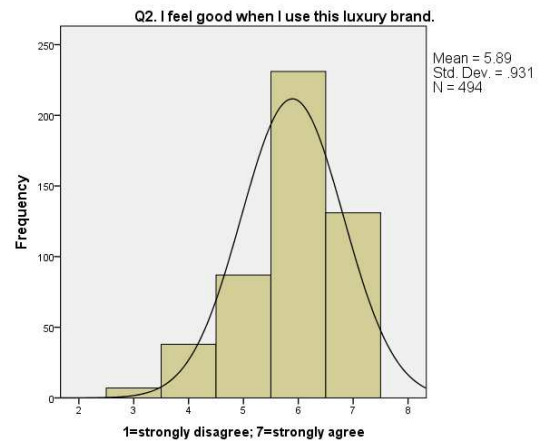


|            |                        |           |   |  |
|------------|------------------------|-----------|---|--|
|            |                        |           |   | 7=30,001 – 40,000; 8=40,001 – 50,000;<br>9=50,001 and over.  |
| <b>Q46</b> | Gender                 | Gender    | You gender?   | 1=Male; 2=Female.  |
| <b>Q47</b> | Age group              | Age       | Your age group?   | 1=18- 21 years old; 2=22-26 years old;<br>3=27-35 years old; 4=36-45 years old;<br>5=46-50 years old; 6=51 years over old.   |
| <b>Q48</b> | Occupational status    | Status    | Your current occupational status?   | 1=Unemployed; 2=Student; 3=Housewife;<br>4=Retired; 5=Employed.  |
| <b>Q49</b> | Occupation area        | Area      | Please indicate your current area of occupation.  | 1=State-owned enterprise;<br>2=Private-owned enterprise;<br>3=Foreign-owned enterprise;<br>4=Joint-venture enterprise;<br>5=Government; 6=Institution; 7=Freelance;<br>8=Professionals, 9=Others.                          |
| <b>Q50</b> | Education level        | Education | Your highest level of education attended?   | 1=PhD; 2=Master; 3=Undergraduate,<br>4=Junior College; 5=Up to Senior School, 6=Others.  |
| <b>Q51</b> | Annual personal income | Income    | Your annual personal income (RMB) currently?  | 1=less than 50,000; 2=50,000 – 100,000;<br>3=101,000 – 150,000; 4=151,000 – 200,000;<br>5=201,000 – 250,000; 6=251,000 – 300,000;<br>7=301,000 – 350,000; 8=351,000 – 400,000;<br>9=401,000 – 450,000; 10=451,000 and over |
| <b>Q52</b> | Email address          | Email     | Please leave your an email address below if you wish to receive a summary of the overall findings of this research. | 0=No; 1=Yes.   |

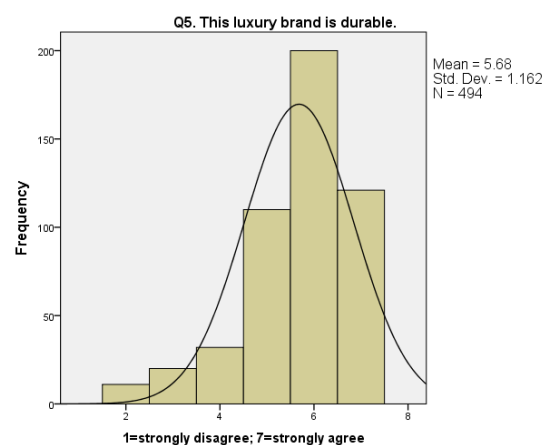
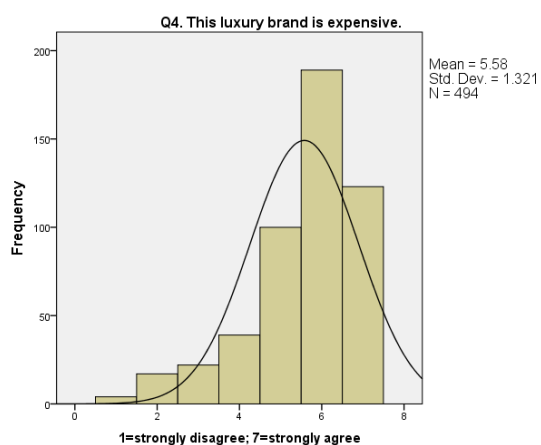
*(Missing Data – use a number “9999” in Excel wherever appropriate or define missing values in SPSS as described earlier).*

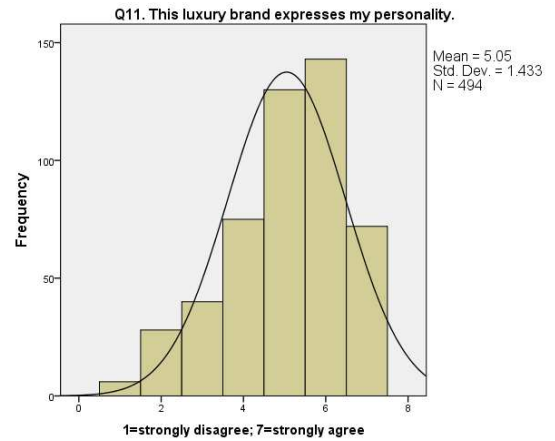
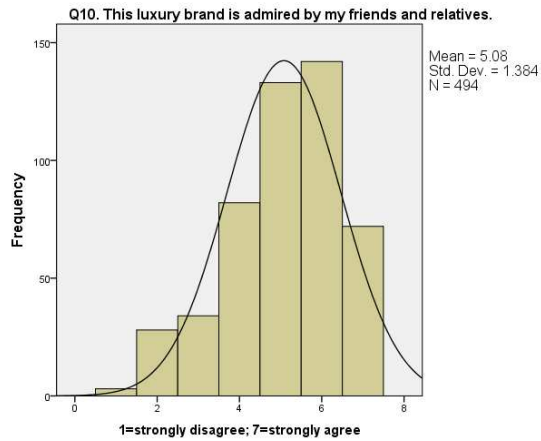
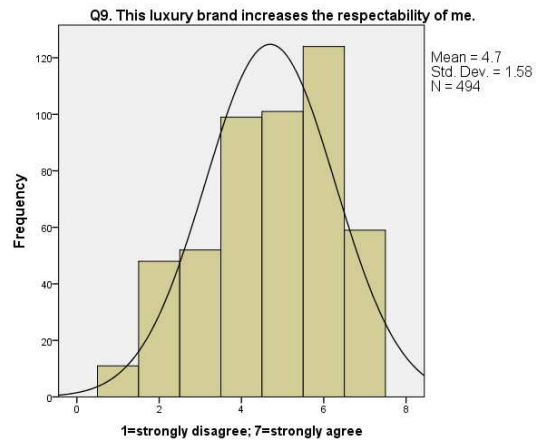
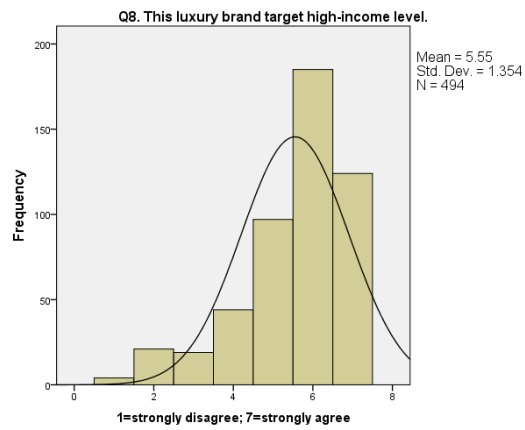
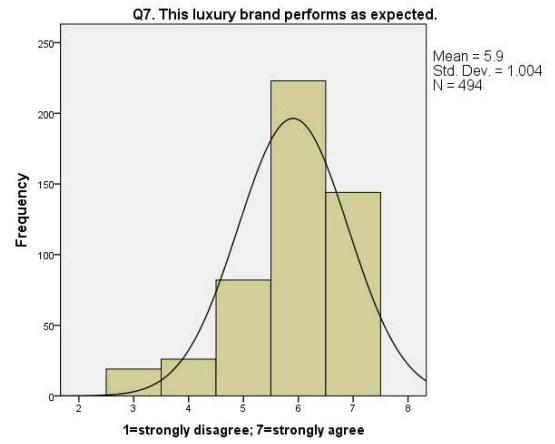
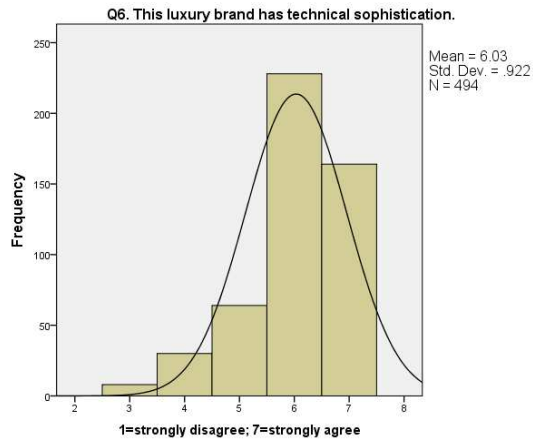
# Appendix P - Univariate Normality Testing for Each Construct

## Brand Affect

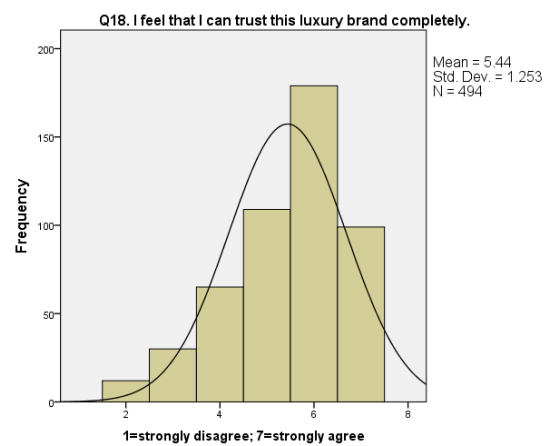
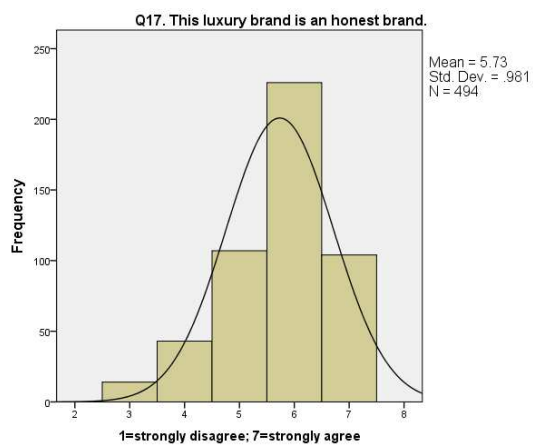
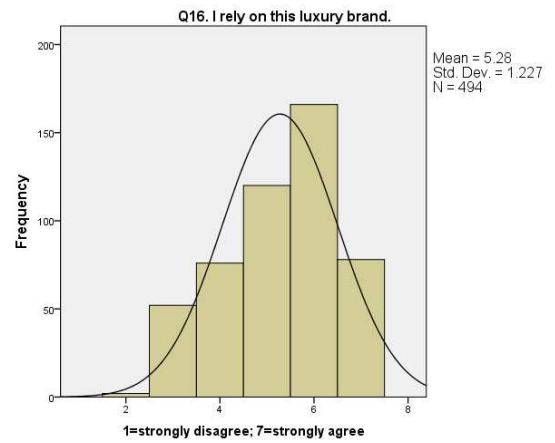
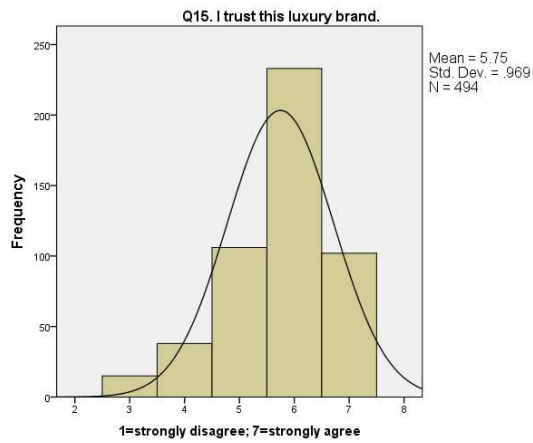


## Brand Image

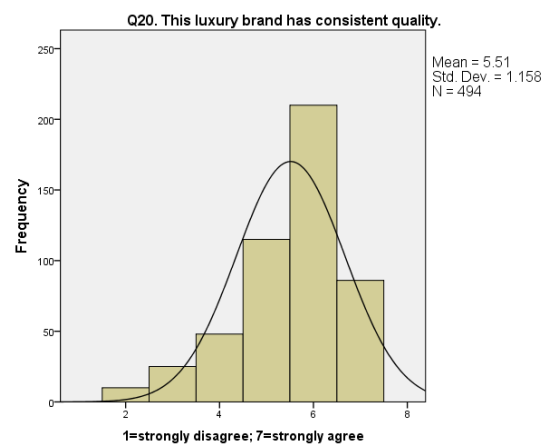
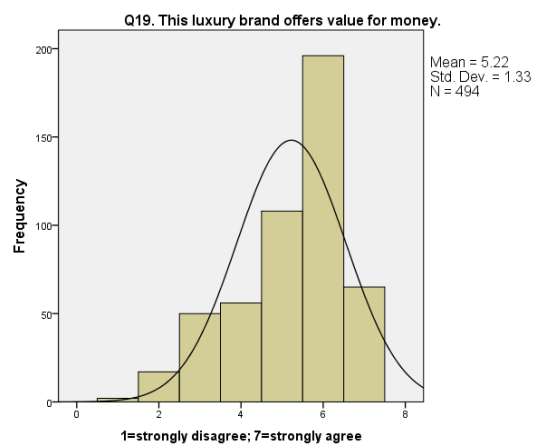


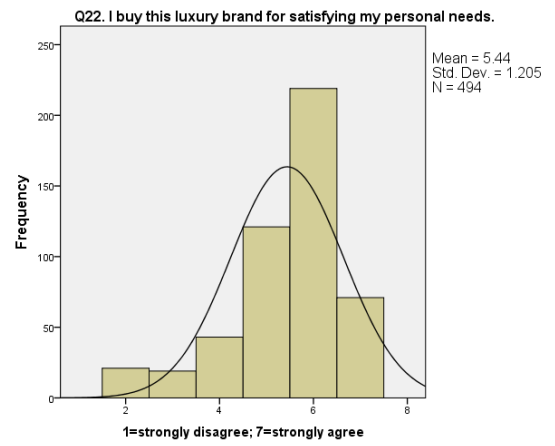
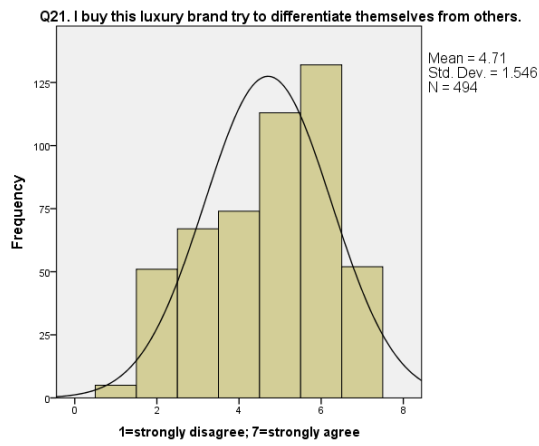


## Brand Trust

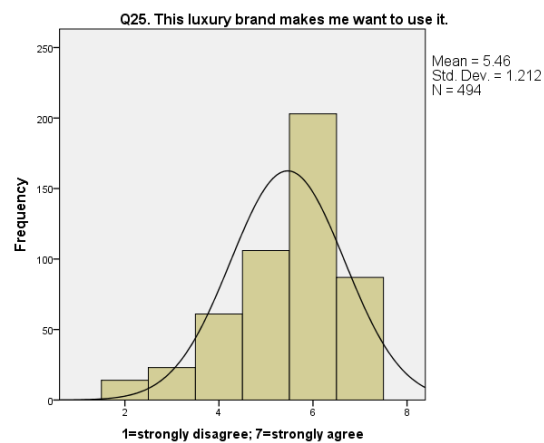
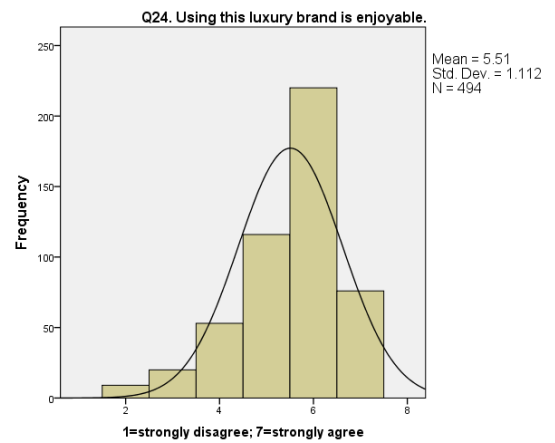
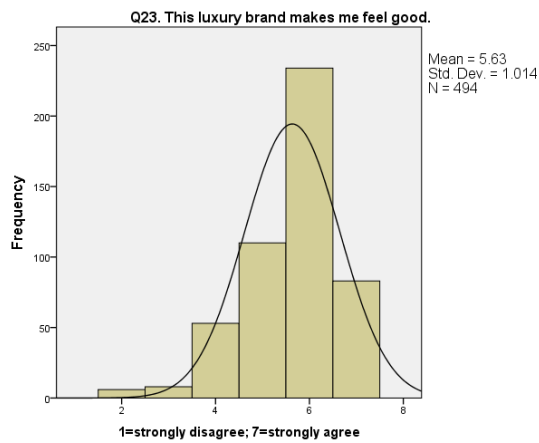


## Functional Value

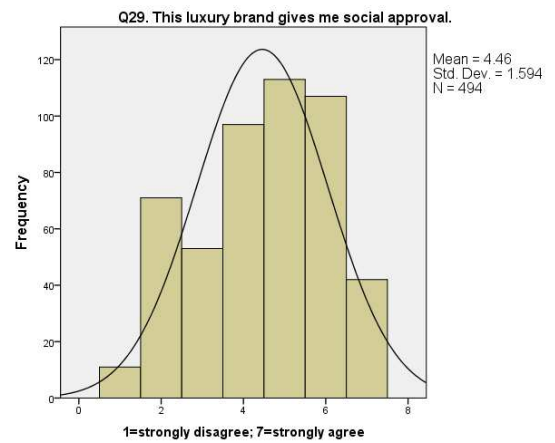
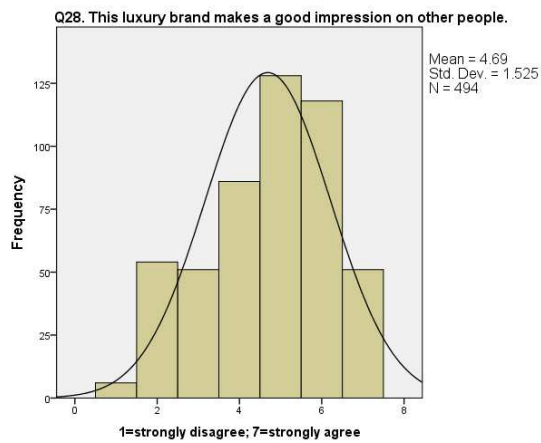
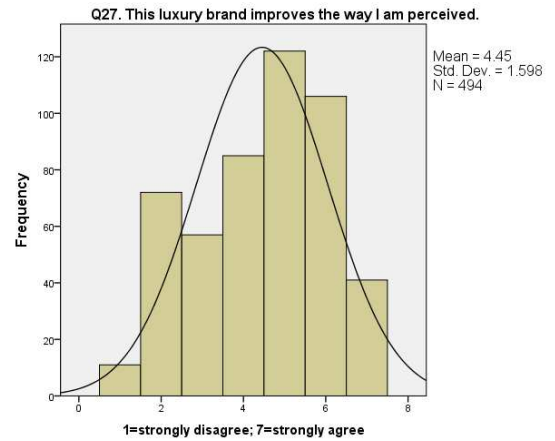
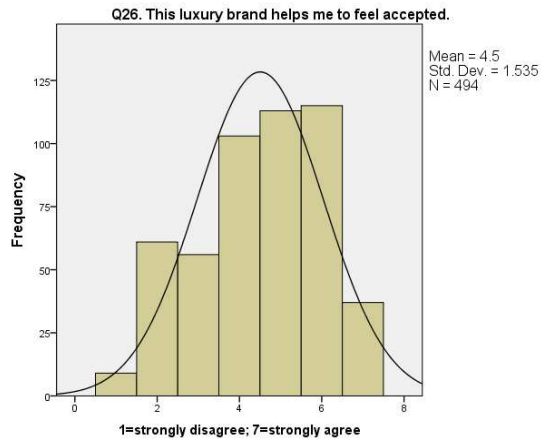




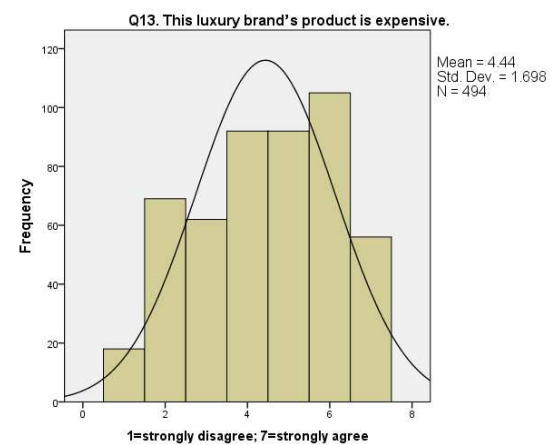
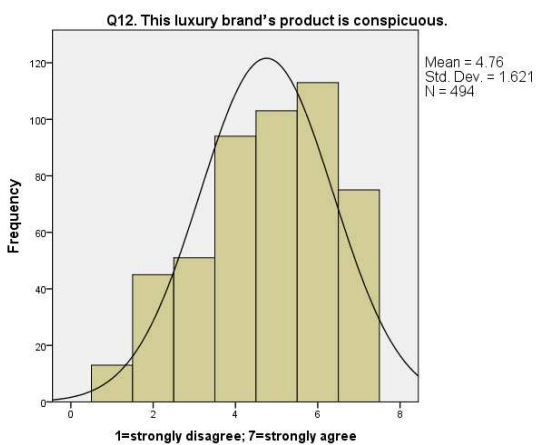
## Emotional Value

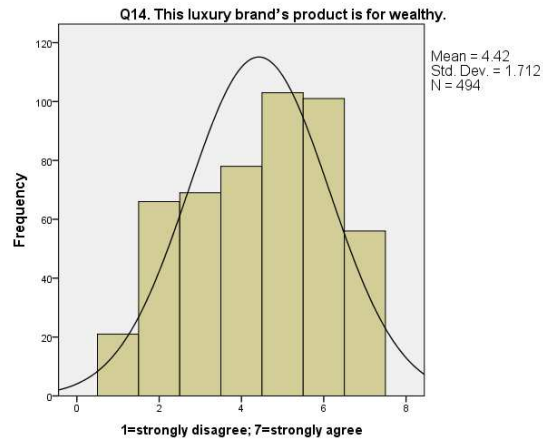


## Social Value

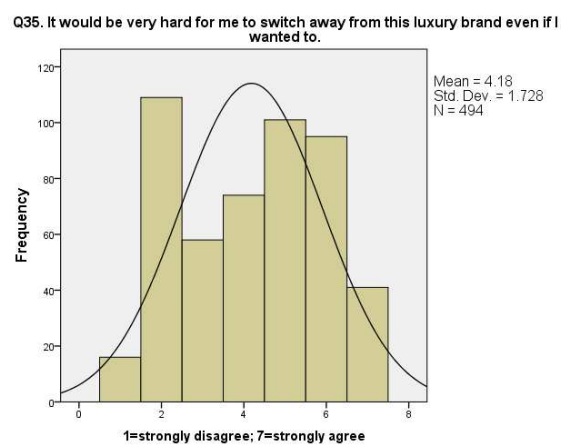
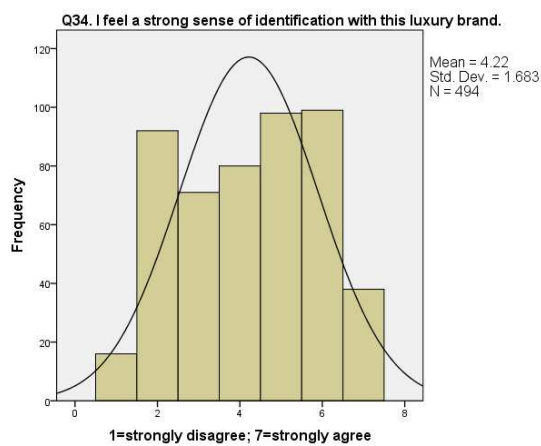
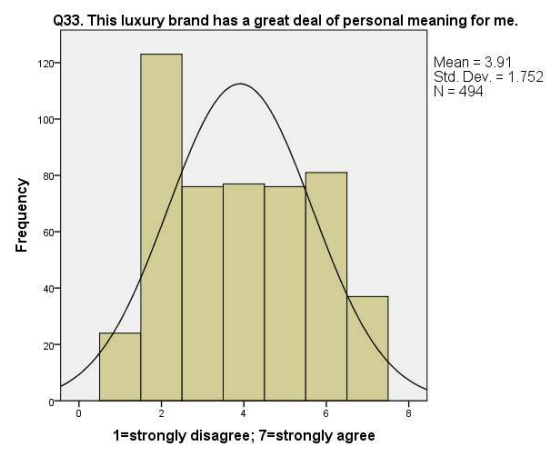
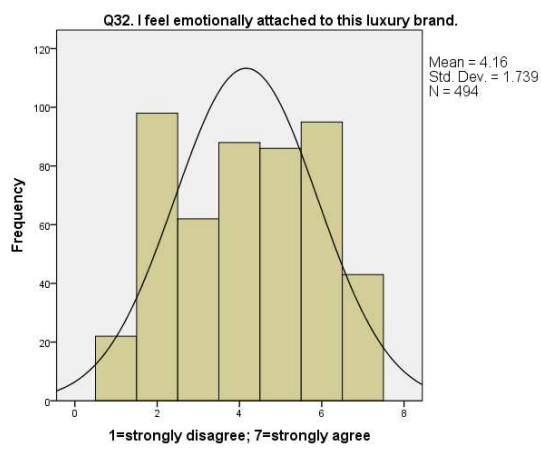


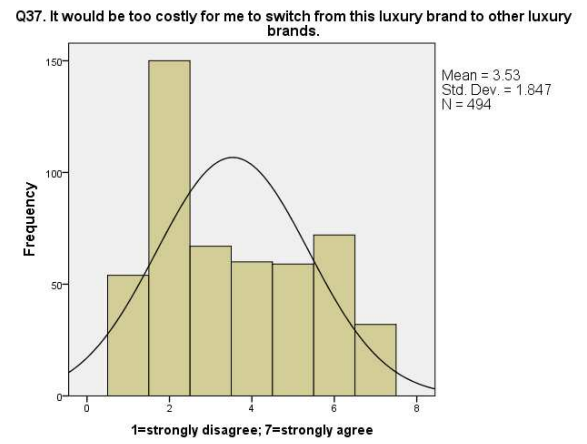
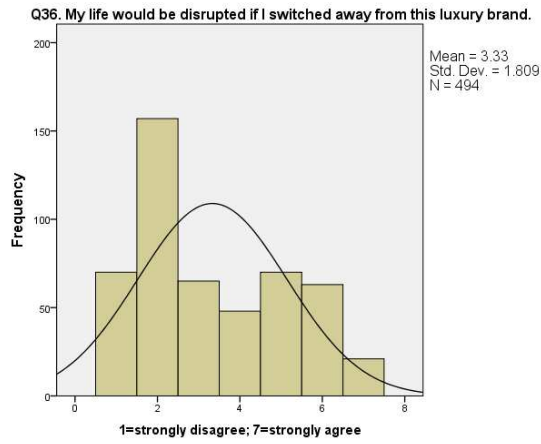
## Symbolic Value



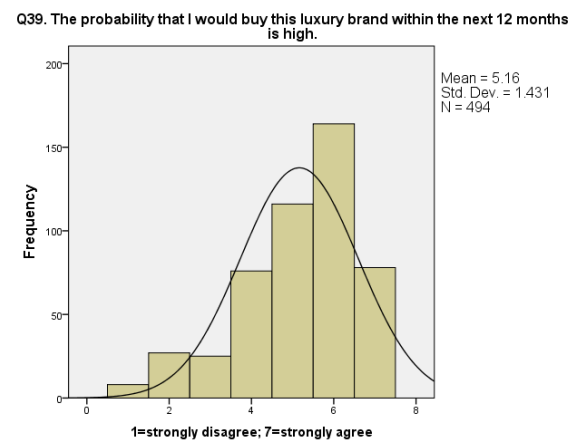
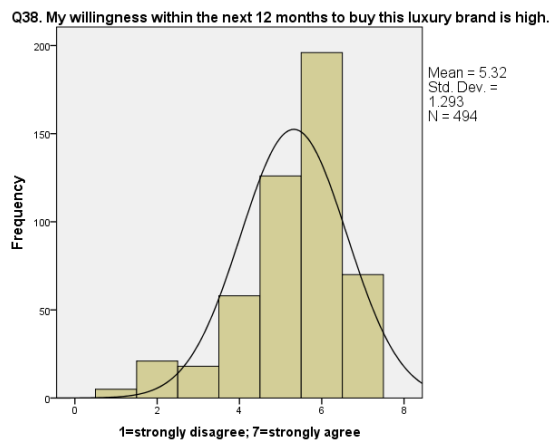
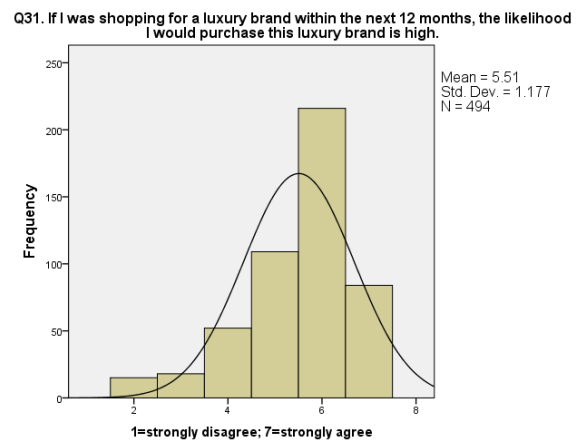
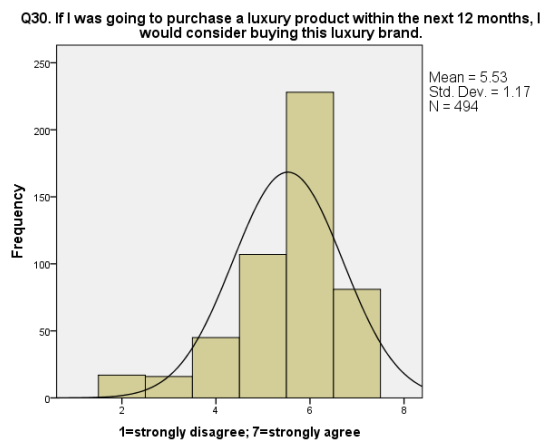


## Brand Commitment





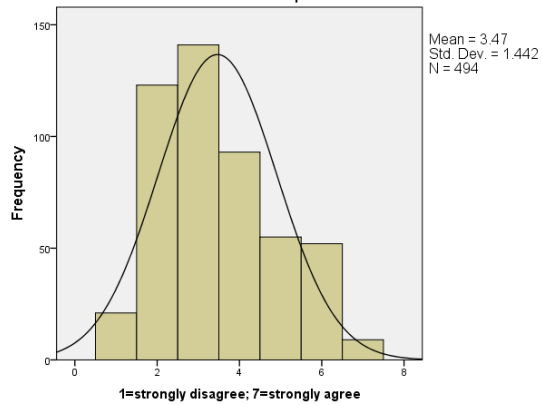
## Purchase Intention



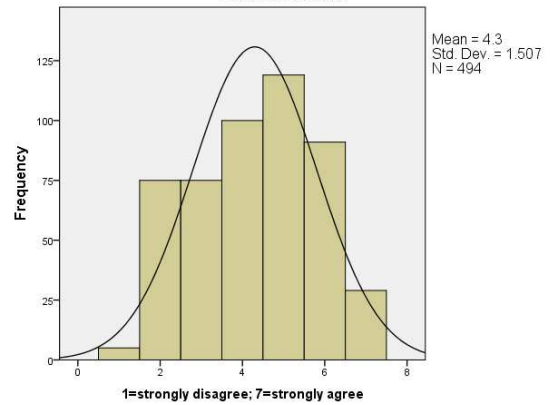


## Willingness to Pay a Price Premium

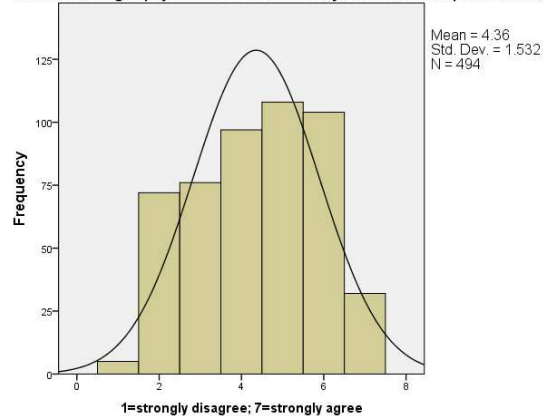
Q40. The price of this luxury brand would have to increase significantly before I would switch to competitors' brands.



Q41. I am willing to pay a higher price for this luxury brand compared with substitute brands.



Q42. I am willing to pay a lot more for this luxury brand than competitor brands.



## Appendix Q - Personal Reflective Statement

This reflective statement describes my personal experiences through the long journey of the PhD programme. It provides an account of my personal transformation during the past three and a half years of PhD study at Northumbria University, through which I have experienced changes in my attitudes toward myself, my research and within building my professional and personal life. The journey has stretched my intellectual capacities and taught me a significant amount about conducting quantitative research and thesis writing. The following sections present a brief reflection on my personal achievements, my learning and the challenges I have faced, and how these have contributed toward my PhD progress.

### Personal Achievements

Initially, my major achievements are realised through completion of the three key milestones<sup>12</sup> of my PhD study. This success has not only helped to build my confidence on the PhD study, but it has also provided me a good opportunity to lead discussions about my research area amongst various subject experts in order to identify areas of strength and achievement, as well as pointing to aspects over the last three to four years that required further attention. Furthermore, these reviews have provided me with an opportunity to recognise further training needs, as well as issues that can arise when implementing the primary research. My research has made a tangible impact on consumer marketing research. I have presented my research at conferences of both national and international standing. In particular, one of the research papers<sup>13</sup> has been accepted by, and presented to, a conference at which I won the Best Research Paper prize. In addition, I also led the development and presentation of a paper in the 2013 Academy of Marketing (AMC) conference<sup>14</sup>.

Apart from presenting the PhD research, I have led the development of journal papers<sup>15</sup> with my supervision team, which have been accepted for publication by peer-reviewed

---

<sup>12</sup> Initial Project Approval, Mid-Point Progression and the 3<sup>rd</sup> Annual Progression Review.

<sup>13</sup> Ning, Li. (2013) 'Antecedents of Brand Commitment: A Study of Chinese Consumers toward Luxury Brands', *20th International Business Research Conference*, Dubai, UAE: Novotel World Trade Centre, 4-5 April.

<sup>14</sup> Ning, Li. Andrew, Robson., & Nigel, Coates. (2013) 'Purchasing intention of Chinese consumers in the luxury brand markets: the impact of value and affect', *Academy Marketing Conference*, University of South Wales, UK, 8-11 July, p. 48.

<sup>15</sup> Li, N., Robson, A., & Coates, N. (2013). 'Chinese consumers' purchasing: impact of value and affect', *Journal of Fashion Marketing and Management*, 17(4), 486-508.

journals. Therefore, I have gained certain benefits from the writing process. Furthermore, I have gained greater confidence through writing journal articles. As mentioned above, presenting at international conferences has not only improved my communication skills, it has lifted my confidence immensely. It has also offered me a great opportunity to extend my social network and has permitted interacting with key persons and fellow researchers in my subject area and with academic peers from similar disciplines. It has also helped me to potentially raise my reputation and enhance my profile as a researcher. Overall, this represents great learning experiences appropriate to the development of a new researcher.

### **My Personal Learning**

There are numerous things that I have learned along the PhD study journey, including how to develop effective thesis management strategies and scholarly writing skills, and how to maintain a positive study attitude.

Firstly, the most critical lesson in my personal learning was about commitment to study and that I have to own my PhD in its entirety; that is, the research questions and objectives, the structure of thesis and contribution. Secondly, I need to be a self-directed learner from the start in order to own my PhD. This means taking responsibility for setting direction, taking risks, identifying objectives and time-lines and making steady progress in this research endeavour. Thirdly, I learned that it is important to retreat from the PhD to maintain a balance in my life while undertaking the journey. This balance has protected my emotional and physical health. Fourthly, I have made appropriate use of several support strategies in order to help maintain the commitment to the PhD. These have come in a number of forms: from my supervisors who have helped in many ways to meet the demands of full-time study, and also through my family. Furthermore, I have learned how to make an effective plan, be organised and make effective use of time. Although a PhD study is a long-term project, the three and a half years of full-time study pass very rapidly and every single second is precious, hence the importance of these particular skills.

Much of the early time on this PhD was spent reading, and as such I struggled to develop the academic writing skills required to write a PhD thesis during the initial stages. This is because I am not a native English speaker. I have invested a great deal of time and energy in improving my written skills. I have attended some training sessions to improve my

academic writing skills in the past few years. During my study period, I was able to improve my writing style and academic writing skills by writing annual reports, drafting thesis chapters, abstracts, papers for conferences and journal submissions. Feedback and comments received from my supervision team on these conference papers and on my writing style not only established my confidence as a writer, but also helped me identify the areas I need to develop further.

In addition, I have learned the significance of a positive self-attitude, including pride toward my PhD, my thesis and my personal life during this period of time. I found that it was useful to love and respect my research, and I eagerly anticipated connecting with it every day. I believe that love and respect develops more easily when you feel passionately about your research topic, rather than reviewing it as a technical hurdle to overcome. Respect for my research project also helped me to develop and expect high standards of myself and to adopt a long-term perspective as I knew that the final product represented the result of focused and sustained commitment over a long period. I have also learned the importance of developing a positive attitude toward myself and to challenges in other life domains. I acquired the power of self-acceptance – helping me to avoid and release the destructiveness of self-recrimination – from my writing friend who demonstrated how such self-acceptance is part of the PhD journey.

### **Key Challenges Faced**

The first major challenge faced was how to collect a sufficiently large and representative sample of data to permit undertaking the necessary quantitative research. It is an expensive business in terms of money and time, especially if you have to travel long distances, as I did. Consequently, a total of 494 valid responses were obtained, giving a response rate of 82% for the substantive study. Conducting the field research in mainland China was an invaluable experience as it helped me to develop my understanding of the subject in a deeper way. The knowledge gained from the research training on conducting field research and advice gained from my supervision team was extremely useful here. The completion of the pilot study provided me with an opportunity to enhance my interviewing skills. During the interaction with respondents within the primary study, I significantly improved my communication, reflection and listening skills. Furthermore, I have benefited from teaching at master's level in my third year PhD study. This teaching experience helped me to enhance communication skills and develop teaching techniques. Conducting this research has also enabled me to identify practical issues associated with research projects and

enhanced my skills on project and time management. Although this process was time-consuming and costly, I consider that I have successfully utilised my time and resources to achieve my goals effectively, and therefore this investment has proved worthwhile.

The second challenge faced was the development of relevant quantitative analysis skills. In 2010, I only had a basic knowledge of regression analysis. First-hand experience of using statistics was only learnt as part of my master's degree. However, I have benefited from an extremely supportive supervision team. This has allowed me to free up time to undertake additional training and to improve my understanding of quantitative analysis. Therefore, I recognise that I now have a much stronger knowledge of statistics and have enjoyed my further development in this field.

Finally, I feel that I have developed into a different person at the conclusion of my PhD journey. This path has been particularly significant in my personal transformation. It has provided precious opportunities for personal growth, where challenges and tensions have been accepted as part of the overall learning process. I believe that I have made excellent progress in my PhD research. As a passionate PhD researcher, I have no doubt that the experiences I have attained throughout my PhD study journey have contributed significantly toward my professional development. I deeply believe that all the achievements listed, skills developed, challenges faced and experiences gained will assist me to complete this PhD successfully. This has also helped me develop the first part of a successful professional career as a researcher in the world of academia.

## References

- Aaker, D. A. (1992). *Managing Brand Equity: Capitalising on the Value of a Brand Name*. New York, NY: The Free Press.
- Aaker, D. A. (1996). *Building Strong Brands*. New York: Free Press.
- Aaker, D. A. (2004). Leveraging the corporate brand. *California Management Review*, 46(3), 6-18.
- Aaker, D. A., & Joachimsthaler, E. (2000). *Brand leadership*. New York: The Free Press.
- Aaker, D. A., Kumar, V., & George, S. (2011). *Marketing Research* (10th ed.). Hoboken, N.J.: John Wiley.
- Aaker, J. (1997). Dimensions of brand personality. *Journal of Marketing Research*, 34(3), 342-352.
- Aaker, J., Fournier, S., & Brasel, S. A. (2004). When Good Brands Do Bad. *Journal of Consumer Research*, 31(1), 1-16.
- Achrol, R. (1991). Evolution of the Marketing Organization: New Forms for Turbulent Environments. *Journal of Marketing*, 55(4), 77-93.
- Agarwal, J., & Malhotra, N. K. (2005). An integrated model of attitude and affect: theoretical foundation and an empirical investigation. *Journal of Business Research*, 58(4), 483-493.
- Agarwal, M. K., & Rao, V., R. (1996). An empirical comparison of consumer-based measures of brand equity. *Marketing Letters*, 7(3), 237-247.
- Agarwal, S., & Teas, R. K. (2001). Perceived value: mediating role of perceived risk. *Journal of Marketing Theory and Practice*, 9(4), 1-14.
- Ahuvia, A. C. (2005). Beyond the Extended Self: Loved Objects and Consumers' Identity Narratives. *Journal of Consumer Research*, 32(1), 171-184.
- Ailawadi, K. L., Neslin, S. A., & Lehmann, D. R. (2003). Revenue premium as an outcome measure of brand equity. *Journal of Marketing*, 67(4), 1-17.
- Aish, A. M., & Joreskog, K. G. (1990). A panel model for political efficacy and responsiveness: An application of LISREL 7 with weighted least squares. *Quality and Quantity*, 24(4), 405-426.
- Ait-Sahalia, Y., Parker, J. A., & Yogo, M. (2004). Luxury goods and the equity premium. *Journal of Finance*, 59(6), 2959-3004.
- Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50(1), 179-211.
- Ajzen, I., & Driver, B. (1992). Application of the theory of planned behavior to leisure choice. *Journal of Leisure Research*, 24(3), 207-224.

- Ajzen, I., & Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. Englewood Cliffs: Prentice-Hall.
- Ajzen, I., & Madden, T. J. (1986). Prediction of goal-directed behavior: Attitudes, intentions, and perceived behavioral control. *Journal of Experimental Social Psychology*, 22(5), 453-474.
- Albert, N., & Merunka, D. (2013). The role of brand love in consumer-brand relationships. *Journal of Consumer Marketing*, 30(3), 258-266.
- Albert, N., Merunka, D., & Valette-Florence, P. (2013). Brand passion: Antecedents and consequences. *Journal of Business Research*, 66(7), 904-909.
- Alimen, N., & Cerit, A. G. (2010). Dimensions of brand knowledge: Turkish university students' consumption of international fashion brands. *Journal of Enterprise Information Management*, 23(4), 538-558.
- Allen, N. J., & Meyer, J. P. (1990). The Measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of Occupational Psychology*, 63(1), 1-17.
- Alleres, D. (2003). *Luxe...: Métiers et management atypiques*. Paris: Economica.
- Alves, R. M. B., & Nascimento, C. A. O. (2007). Analysis and detection of outliers and systematic errors in industrial plant data. *Chemical Engineering Communications*, 194(3), 382-397.
- Amatulli, C., & Guido, G. (2011). Determinants of purchasing intention for fashion luxury goods in the Italian market: A laddering approach. *Journal of Fashion Marketing and Management*, 15(1), 123-136.
- American Marketing Association. (1960). *Marketing definitions. A glossary of marketing terms*. Chicago: American Marketing Association.
- Anderson, E., & Barton, W. (1990). Determinants of Continuity in Conventional Industrial Channel Dyads. *Marketing Science*, 8(4), 310-323.
- Anderson, E., & Weitz, B. (1992). The Use of Pledges to Build and Sustain Commitment in Distribution Channels. *Journal of Marketing Research*, 29(1), 18-34.
- Anderson, J. C., & Gerbing, D. W. (1982). Some Methods for Respecifying Measurement Models to Obtain Unidimensional Construct Measurement. *Journal of Marketing Research*, 19(4), 453-460.
- Anderson, J. C., & Gerbing, D. W. (1984). The effect of sampling error on convergence, improper solutions, and goodness-of-fit indices for maximum likelihood confirmatory factor analysis. *Psychometrika*, 49(2), 155-173.
- Anderson, J. C., & Gerbing, D. W. (1991). Predicting the performance of measures in a confirmatory factor analysis with a pretest assessment of their substantive validities. *Journal of Applied Psychology*, 76(5), 732-740.

- Anderson, J. C., Jain, D., C., & Chintagunta, P. K. (1992). Customer Value Assessment in Business Markets: A State-of-Practice Study. *Journal of Business to Business Marketing* 1(1), 3-29.
- Armitage, C. J., & Conner, M. (2001). Efficacy of the theory of planned behaviour: A meta-analytic review. *British Journal of Social Psychology*, 40(4), 471-499.
- Arvola, A., Vassallo, M., Dean, M., Lampila, P., Saba, A., Lahteenmaki, L., & Shepherd, R. (2008). Predicting intentions to purchase organic food: The role of affective and moral attitudes in the Theory of Planned Behaviour. *Appetite*, 50(2/3), 443-454.
- Assael, H. (1998). *Consumer behaviour and marketing action* (6th ed.). Cincinnati: South-Western College Pub.
- Atsmon, Y., & Dixit, V. (2009). Understanding China's Wealthy Retrieved 21 January, 2012, from [http://www.swisscham.org/sha/pdf/The%20Bridge%20Issue%202021\\_p2.pdf](http://www.swisscham.org/sha/pdf/The%20Bridge%20Issue%202021_p2.pdf)
- Atsmon, Y., Dixit, V., Leibowitz, G., & Wu, C. (2011). Understanding China's Growing Love for Luxury Retrieved 22 July, 2011, from [http://www.mckinsey.com/locations/greaterchina/InsightsChina\\_LuxuryGoods.pdf](http://www.mckinsey.com/locations/greaterchina/InsightsChina_LuxuryGoods.pdf)
- Atsmon, Y., Ducarme, D., Magni, M., & Wu, C. (2012). Luxury Without Borders: China's New Class of Shoppers Take on the World - Spending by Chinese Consumers on Luxury Products Now Exceeds That of Any Other Country (pp. 1-40): McKinsey & Company.
- Atwal, G., & Williams, A. (2009). Luxury brand marketing - The experience is everything! *Journal of Brand Management*, 16(5/6), 338-346.
- Audenaert, A., & Steenkamp, J. B. (1997). Means-end chain theory and laddering in agricultural marketing research. In B. Wierenga, A. v. Tilbury, K. Grunert & J. B. Steenkamp (Eds.), *Agricultural marketing and consumer behavior in a changing world* (pp. 217-230). Kluwer: Boston.
- Avichai, S. A. (2012). Brand commitment: A new four-dimensional (4 Es) conceptualisation and scale. *Journal of Customer Behaviour*, 11(3), 281-305.
- Babbie, E. (2012). *The Practice of Social Research* (13th ed.). Wadsworth: Cengage Learning.
- Babin, B. J., Darden, W. R., & Griffin, M. (1994). Work and/or fun: measuring hedonic and utilitarian shopping value. *Journal of Consumer Research*, 20(4), 644-656.
- Bagozzi, R. P. (1977). Is All Social Exchange Marketing?: A Reply. *Journal of the Academy of Marketing Science*, 5(4), 315-326.
- Bagozzi, R. P., Gopinath, M., & Nyer, P. U. (1999). The role of emotions in marketing. *Journal of the Academy of Marketing Science*, 27(2), 184-206.
- Bagozzi, R. P., Tybout, A. M., Craig, S., & Sternthal, B. (1979). The construct validity of the tripartite classification of attitudes. *Journal of Marketing Research*, 16(1), 88-95.



- Bai, B., Law, R., & Wen, I. (2008). The impact of website quality on customer satisfaction and purchase intentions: Evidence from Chinese online visitors. *International Journal of Hospitality Management*, 27(3), 391-402.
- Bain & Company. (2011). 2011 China Luxury Market Study: Bain Point of View Retrieved 4 April, 2012, from <http://www.bain.com/Images/2011%20Bain%20China%20Luxury%20Market%20Study.pdf>
- Bain & Company. (2012a). 2012 China Luxury Study Retrieved 10 March, 2013, from [http://www.fccihk.com/files/dpt\\_image/5\\_committees/Luxury%20Committee/121212-2012%20Luxury%20study\\_Media%20release.pdf](http://www.fccihk.com/files/dpt_image/5_committees/Luxury%20Committee/121212-2012%20Luxury%20study_Media%20release.pdf)
- Bain & Company. (2012b). 2012 Luxury Goods Worldwide Market Study Retrieved 20 June, 2013, from [http://www.ipmark.com/pdf/lujo\\_2012.pdf](http://www.ipmark.com/pdf/lujo_2012.pdf)
- Bain & Company. (2013). Mainland China entering new era of luxury cooldown, finds Bain & Company's 2013 "China luxury goods market study" Retrieved January, 2014, from <http://www.bain.com/about/press/press-releases/mainland-china-entering-new-era-of-luxury-cooldown.aspx>
- Baines, P., Fill, C., & Page, K. (2011). *Marketing* (2nd ed.). Oxford: Oxford University Press.
- Bansal, H. S., Irving, P. G., & Taylor, S. F. (2004). A Three-Component Model of Customer Commitment to Service Providers. *Journal of the Academy of Marketing Science*, 32(3), 234-250.
- Barber, N., Kuo, P. J., Bishop, M., & Goodman Jr, R. (2012). Measuring psychographics to assess purchase intention and willingness to pay. *Journal of Consumer Marketing*, 29(4), 280-292.
- Barnes, J. G. (1994). Close to the customer: but is it really a relationship. *Journal of Marketing Management*, 10(1), 561-570.
- Barry, B. J., William, R. D., & Mitch, G. (1994). Work and/or Fun: Measuring Hedonic and Utilitarian Shopping Value. *Journal of Consumer Research*, 20(4), 644-656.
- Batra, R., & Homer, P. M. (2004). The Situational Impact of Brand Image Beliefs. *Journal of Consumer Psychology*, 14(3), 318-330.
- Bellman, L. M., Teich, I., & Clark, S. D. (2009). Fashion accessory buying intentions among female Millennials. *Review of business*, 30(1), 46-58.
- Bendixen, M., Bukasa, K. A., & Abratt, R. (2004). Brand equity in the business-to-business market. *Industrial Marketing Management*, 33(5), 371-380.
- Bergman, M. E. (2006). The relationship between affective and normative commitment: review and research agenda. *Journal of Organizational Behavior*, 27(5), 645-663.
- Berry, C. J. (1994). *The Idea of Luxury: A Conceptual and Historical Investigation*. Cambridge: Cambridge University Press.

- Berry, L. L. (1983). Relationship Marketing. In L. L. Berry, G. L. Shostak & G. D. Upch (Eds.), *Emerging perspectives on services marketing* (pp. 25-38). Chicago, IL: American Marketing Association.
- Berry, L. L., & Parasuraman, A. (1991). *Marketing Services*. New York: The Free Press.
- Berthon, P., Pitt, L., Parent, M., & Berthon, J. P. (2009). Aesthetics and Ephemerality: OBSERVING AND PRESERVING THE LUXURY BRAND. *California Management Review*, 52(1), 45-66.
- Beverland, M. B. (2004). Uncovering “Theories-in-use”: Building Luxury Wine Brands. *European Journal of Marketing*, 38(3), 446-466.
- Beverland, M. B. (2005). Crafting Brand Authenticity: The Case of Luxury Wines. *Journal of Management Studies*, 42(5), 1003-1029.
- Bharati, P., & Chaudhury, A. (2004). An empirical investigation of decision-making satisfaction in web-based decision support systems. *Decision Support Systems*, 37(2), 187-197.
- Bhat, S., & Reddy, S. K. (1998). Symbolic and functional positioning of brands. *Journal of Consumer Marketing*, 15(1), 32-43.
- Bhat, S., & Reddy, S. K. (2001). The impact of parent brand attribute associations and affect on brand extension evaluation. *Journal of Brand Research*, 53(3), 111-122.
- Bhattacharya, C. B. (1998). When Customers are Member: Customer Retention in Paid Membership Contexts. *Journal of Academy of Marketing Science*, 26(4), 31-44.
- Bian, Q., & Forsythe, S. (2012). Purchase intention for luxury brands: A cross cultural comparison. *Journal of Business Research*, 65(10), 1443-1451.
- Bian, X., & Moutinho, L. (2011). The role of brand image, product involvement, and knowledge in explaining consumer purchase behaviour of counterfeits: Direct and indirect effects. *European Journal of Marketing*, 45(1/2), 191-216.
- Biel, A. L. (1992). How Brand Image Drives Brand Equity. *Journal of Advertising Research*, 32(1), RC6-RC12.
- Blackwell, R. D., Engel, J., & Miniard, P. W. (2006). *Consumer Behavior* (10th ed.). Mason, Ohio: Thomson Business and Economics.
- Blaikie, N. W. H. (2010). *Designing Social Research: the logic of anticipation* (2nd ed.). Cambridge: Polity Press.
- Blaxter, L., Hughes, C., & Tight, M. (2010). *How to research* (4th ed.). Maidenhead: McGraw-Hill.
- Bloemer, J. M. M., & Kaspar, J. D. P. (1995). The complex relationship between consumer satisfaction and brand loyalty. *Journal of Economic Psychology*, 16(2), 311-329.
- Blois, K. (1999). Trust in business to business relationships: an evaluation of its status. *Journal of Management Studies*, 36(2), 197-215.

- Bodet, G. (2005). *Un enrichissement de la relation satisfaction - fidelite par le concept d'engagement. Une application dans les services sportifs rekratifs de forme*. (Unpublished doctoral dissertation), University of Burhundy.
- Boksberger, P. E., & Melsen, L. (2011). Perceived value: a critical examination of definitions, concepts and measures for the service industry. *Journal of Services Marketing*, 25(3), 229-240.
- Bowman, C., & Ambrosini, V. (2000). Value creation versus value capture: towards a coherent definition of value in strategy. *British Journal of Management*, 11(1), 1-15.
- Bozzo, C., Merunka, D., & Moulines, J. L. (2003). Fidelite et comportement d'achat: ne pas se fier aux apparences. *Decisions Marketing*, 32(4), 9-17.
- Bracken, B. A., & Barona, A. (1991). State of the art procedures for translating, validating and using psychoeducational tests in cross cultural assessment. *School Psychology International*, 12(1), 119-132.
- Brewer, M. (2000). Research design and issues of validity. In C. M. Judd & H. T. Reis (Eds.), *Handbook of research methods in social and personality psychology*. Cambridge: Cambridge University Press.
- Brewer, M. B., & Chen, Y. R. (2007). Where (Who) Are Collectives in Collectivism? Toward Conceptual Clarification of Individualism and Collectivism. *Psychological Review*, 114(1), 133-151.
- Brislin, R. W. (1970). Back translation for cross-cultural research. *Journal of Cross-Culture Psychology*, 1(3), 185-216.
- Brodie, R. J., Glynn, M. K., & Little, V. (2006). The service brand and the service-dominant logic: missing fundamental premise or the need for stronger theory? *Marketing Theory*, 6(3), 363-379.
- Brodie, R. J., Whittome, J. R. M., & Brush, G. J. (2009). Investigating the service brand: A customer value perspective. *Journal of Business Research*, 62(3), 345-355.
- Broom, A. (2006). Ethical issues in social research. *Complementary Therapies in Medicine*, 14(2), 151-156.
- Brown, M., Pope, N., & Voges, K. (2001). Buying or browsing? An exploration of shopping orientations and online purchase intention. *European Journal of Marketing*, 37(11/12), 1666-1684.
- Bruce, M., & Kratz, C. (2007). Competitive marketing strategies of luxury fashion companies. In T. Hines & M. Bruce (Eds.), *Fashion Marketing Contemporary Issues* (pp. 130-150). Boston: Butterworth Heinemann.
- Brumann, C., Schaefer, K., & Maloney, P. (2008). Industry image: its impact on the brand image of potential employees. *Journal of Brand Management*, 16(3), 159-176.

- Brun, A., Caniato, F., Caridi, M., Castelli, C., Miragliotta, G., Ronchi, S., Sianesi, Andrea., & Spina, G. (2008). Logistics and supply chain management in luxury fashion retail: Empirical investigation of Italian firms. *International Journal of Production Economics*, 114(2), 554-570.
- Bruner, G. G., & Hensel, P. J. (1992). *Marketing Scales Handbook*. Chicago: American Marketing Association.
- Bryman, A. (2012). *Social research methods* (4th ed.). Oxford: Oxford University Press.
- Bryman, A., & Bell, E. (2011). *Business research Methods* (3rd ed.). Oxford: Oxford University Press.
- Buckingham, A., & Saunders, P. (2004). *The survey methods workbook: from design to analysis*. Cambridge: Polity.
- Bullmore, J. (1984). The brand and its image revisited. *International Journal of Advertising*, 3(1), 235-238.
- Burns, A., & Bush, R. (2010). *Marketing Research* (6th ed.). Boston: Pearson.
- Bush, A. J., & Hair, J. F. (1985). An Assessment of the Mall Intercept as a Data Collection Method. *Journal of Marketing Research*, 22(2), 158-167.
- Butz, J. H. E., & Goodstein, L. D. (1996). Measuring customer value: Gaining the strategic advantage. *Organizational Dynamics*, 24(3), 63-77.
- Byrne, B. M. (2010). *Structural Equation Modeling with AMOS: Basic Concepts, Applications, and Programming* (2nd ed.). New York: Routledge.
- Caceres, R. C., & Paparoidamis, N. G. (2007). Service quality, relationship satisfaction, trust, commitment and business-to-business loyalty. *European Journal of Marketing*, 41(7/8), 836-867.
- Cai, L. A. (2002). Cooperative branding for rural destinations. *Annals of Tourism Research*, 29(3), 720-742.
- Cannon, J. P., Doney, P. M., Mullen, M., R., & Petersen, K. J. (2010). Building long-term orientation in buyer-supplier relationships: The moderating role of culture. *Journal of Operations Management*, 28(6), 506-521.
- Carson, D., Gilmore, A., Perry, C., & Gronhang, K. (2001). *Qualitative Marketing Research*. London: Sage.
- Caruana, A., & Ewing, M. T. (2009). How corporate reputation, quality, and value influence online loyalty. *Journal of Business Research*, 63(9), 1103-1110.
- Cepeda, G., & Martin, D. (2005). A review of case studies publishing in Management Decision 2003-2004: Guides and criteria for achieving quality in qualitative research. *Management Decision*, 43(6), 851-876.
- Chadha, R., & Husband, P. (2006). *The cult of the luxury brand: inside Asia's love affair with luxury*. London: Nicholas Brealey.

- Chan, K., & Prendergast, G. (2007). Materialism and social comparison among adolescents. *Social Behavior and Personality*, 35(2), 213-228.
- Chang, A. M., Chau, J. P. C., & Holroyd, E. (1999). Translation of questionnaires and issues of equivalence. *Journal of Advanced Nursing*, 29(2), 316-322.
- Chaudhuri, A., & Holbrook, M. B. (2001). The Chain of Effects from Brand Trust and Brand Affect to Brand Performance: The Role of Brand Loyalty. *Journal of Marketing*, 65(2), 81-93.
- Chaudhuri, A., & Holbrook, M. B. (2002). Product-class effects on brand commitment and brand outcomes: The role of brand trust and brand affect. *Journal of Brand Management*, 10(1), 33-58.
- Chen, S. C., & Quester, P. G. (2006). Modeling store loyalty: perceived value in market orientation practice. *Journal of Services Marketing*, 20(3), 188-198.
- Chevalier, M., & Mazzalovo, G. (2012). *Luxury brand management: A World of privilege* (2nd ed.). Chichester: John Wiley & Sons.
- Choi, S. (2003). The effects of the perceived product characteristics and conspicuous consumption on the fashion luxury involvement. *Journal of the Korean Society of Clothing and Textiles*, 27(2), 209-218.
- Choo, H. J., Moon, H., Kim, H., & Yoon, N. (2012). Luxury Customer Value. *Journal of Fashion Marketing and Management*, 16(1), 81-101.
- Christodoulides, G., Michaelidou, N., & Li, C. H. (2009). Measuring perceived brand luxury: An evaluation of the BLI scale. *Journal of Brand Management*, 16(5/6), 395-405.
- Christopher, M. (1996). From brand values to customer value. *Journal of Marketing Practice: Applied Marketing Science*, 2(1), 55-66.
- Ciriacy-Wantrup, S. V. (1947). Capital Returns from Soil-Conservation Practices. *Journal of Farm Economics*, 29(4), 1181-1196.
- CLSA. (2011). ASIA-Pacific Markets: China to become the world's largest market for luxury goods over the next decade Retrieved 21 September, 2011, from <https://www.clsa.com/about-clsa/media-centre/2011-media-releases/china-to-become-the-worlds-largest-market-for-luxury-goods.php>
- Cohen, J. B., & Areni, C. S. (1991). Affect and consumer behaviour. In T. S. Robertson & H. H. Kassarian (Eds.), *Handbook of Consumer Behaviour* (pp. 188-240). Englewood Cliffs, NJ: Prentice Hall.
- Cole, M. (2009). Defining China's Second and Third Tier Cities: An attempt at setting standards for what qualifies as a second or third tier city in China Retrieved 15 June, 2013, from <http://rightsite.asia/en/article/defining-chinas-second-and-third-tier-cities>
- Coleman, J. S. (1990). *Foundations of Social Theory*. Cambridge, Mass: The Belknap Press of Harvard University Press.

- Collis, J., & Hussey, R. (2009). *Business research: a practical guide for undergraduate & postgraduate students* (3rd ed.). Basingstoke: Palgrave Macmillan.
- Coote, L., Forrest, E. J., & Tam, T. W. (2003). An investigation into commitment in non-Western industrial marketing relationship. *Industrial Marketing Management*, 32(7), 595-604.
- Cornell, A. (2002). Cult of luxury, the new opiate of the masses, *Australian Financial Review*.
- Coulter, R. A., Price, L. L., & Feick, L. (2003). Rethinking the Origins of Involvement and Brand Commitment: Insights from Postsocialist Central Europe. *Journal of Consumer Research*, 30(1), 151-169.
- Craig, C. S., & Douglas, S. P. (2005). *International Marketing Research*. Chichester: John Wiley.
- Creswell, J. W. (2009). *Research design: qualitative, quantitative, and mixed methods approaches* (3rd ed.). Thousand Oaks: Sage Publication.
- Crotty, M. (2009). *The foundations of social research: meaning and perspective in the research process*. London: SAGE.
- Curwin, J., & Slater, R. (2002). *Quantitative methods for business decisions* (5th ed.). London: Thomson Learning.
- Czaja, R., & Blair, J. (2005). *Designing surveys: a guide to decisions and procedures* (2nd ed.). Thousand Oaks, Calif: Pine Forge.
- Dalakas, V., & Levin, A. M. (2005). The balance theory: how sponsorships may elicit negative consumer attitude. *Advances in Consumer Research*, 32(1), 91-97.
- Dall'Olmo Riley, F., & Lacroix, C. (2003). Luxury branding on the Internet: lost opportunity or impossibility? *Marketing Intelligence & Planning*, 21(3), 96-104.
- Dall'Olmo Riley, F., Loman, W., & Blunden, A. (2004). Dove vs. Dior: Extending the Brand Extension Decision-Making Process from Mass to Luxury. *Australasian Marketing Journal*, 12(3), 96-104.
- Danesi, M. (2006). *Brands*. London: Routledge.
- Danziger, P. N. (2005). *Let them eat cake. Marketing luxury to the masses -- as well as the classes*. USA: Dearborn Trade Publishing.
- Das, K. (2009). Relationship marketing research (1994-2006): An academic literature review and classification. *Marketing Intelligence & Planning*, 27(3), 326-363.
- David, J., & Liz, A. (2011, 17 February). PPR Chief to Run Gucci Group Himself, *The New York Times*. Retrieved from [http://www.nytimes.com/2011/02/18/business/global/18ppr.html?\\_r=1&scp=1&sq=Gucci%20%20to%2039%20shops%20in%20china%20&st=cse](http://www.nytimes.com/2011/02/18/business/global/18ppr.html?_r=1&scp=1&sq=Gucci%20%20to%2039%20shops%20in%20china%20&st=cse)

- Davis, F. D. (1998). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology. *MIS Quarterly*, 13(3), 319-340.
- Day, G. S. (1969). A Two-Dimensional Concept of Brand Loyalty. *Journal of Advertising Research*, 9(3), 29-35.
- Debling, F. H. (1998). Mail myopia: or examining financial services marketing from a brand commitment perspective. *Marketing Intelligence & Planning*, 16(1), 38-46.
- Debling, F. H. (2006). *Brand Commitment in a consumer bank services context - an exploratory study*. (PhD thesis), Bristol Business School.
- Debnam, N., & Svinos, G. (2007). Luxury Brands in China Retrieved 5 November, 2010, from [http://www.kpmg.com.cn/en/virtual\\_library/Consumer\\_markets/CM\\_Luxury\\_brand.pdf](http://www.kpmg.com.cn/en/virtual_library/Consumer_markets/CM_Luxury_brand.pdf)
- De Chernatony, L., & McDonald, M. (2003). *Creating Powerful Brands: in consumer, service and industrial markets* (3rd ed.). Oxford: Elsevier.
- De Chernatony, L., Harris, F., & Dall'Olmo Riley, F. (2000). Added value: its nature, roles and sustainability. *European Journal of Marketing*, 34(1/2), 39-56.
- De Chernatony, L., McDonald, M., & Wallace, E. (2010). *Creating powerful brands in consumer, service and industrial markets* (4th ed.). Oxford: Butterworth-Heinemann.
- Deeter-Schmelz, D. R., Moore, J. N., & Goebel, D. J. (2000). Prestige Clothing Shopping by Consumers: A Confirmatory Assessment and Refinement of the "Precon" Scale with Managerial Implications. *Journal of Marketing Theory and Practice*, 8(4), 43-58.
- Degen, R. (2009). Opportunity for luxury brands in China Retrieved 10 June, 2011, from [http://www.globadvantage.ipleiria.pt/wp-content/uploads/2009/06/working\\_paper-31\\_globadvantage.pdf](http://www.globadvantage.ipleiria.pt/wp-content/uploads/2009/06/working_paper-31_globadvantage.pdf)
- Delgado-Ballester, E., & Munuera-Aleman, J. L. (2005). Does brand trust matter to brand equity? *Journal of Product & Brand Management*, 3(14), 187-196.
- Delgado-Ballester, E., Munuera-Aleman, J. L., & Yague-Guillen, M. J. (2003). Development and validation of a brand trust scale. *International Journal of Market Research*, 45(1), 35-53.
- Del Rio, A. B., Vazquez, R., & Iglesias, V. (2001). The effects of brand associations on consumer response. *Journal of Consumer Marketing*, 18(5), 34-38.
- Del Rio, A. B., Vazquez, R., & Iglesias, V. (2001). The role of brand name in obtaining differential advantages. *Journal of Product and Brand Management*, 10(7), 452-465.
- Del Rio, T. (1983). The Globalisation of Markets. *Harvard Business Review*, 61(3), 92-102.
- Deming, W. E. (1990). *Sample Design Business Research*. New York: Wiley-Blackwell.
- Deng, Z. H., Lu, Y. B., Wei, K. K., & Zhang, J. L. (2010). Understanding customer satisfaction and loyalty: An empirical study of mobile instant message in China. *International Journal of Information Management*, 30(4), 289-300.

- De Vaus, D. A. (2002). *Surveys in social research* (5th ed.). London: Routledge.
- De Wulf, K., & Odekerken-Schroder, G. (2003). Assessing the impact of retailer's relationship efforts on consumers' attitudes and behavior. *Journal of Retailing and Consumer Services*, 10(2), 95-108.
- De Wulf, K., Odekerken-Schroder, G., & Iacobucci, D. (2001). Investments in Consumer Relationships: A Cross-Country and Cross-Industry Exploration. *Journal of Marketing*, 65(4), 33-50.
- Dhar, R., & Sherman, S. J. (1996). The Effect of Common and Unique Features in Consumer Choice. *Journal of Consumer Research*, 23(3), 193-203.
- Diamond, P., & Hausmann, J. (1994). Contingent valuation: Is some number better than no number? *Journal of Economics Perspectives*, 8(4), 45-64.
- Dibb, S., Simkin, L., Pride, W. M., & Ferrell, O. C. (2001). *Marketing: concepts and strategies* (4th ed.). Boston: Houghton Mifflin.
- Dick, A. S., & Basu, K. (1994). Customer loyalty: toward an integrated conceptual framework. *Journal of Academy of Marketing Science*, 22(2), 99-113.
- Didier, T., & Lucie, S. (2008). Measuring consumer's willingness to pay for organic and fair trade products. *International Journal of Consumer Studies*, 32(5), 479-490.
- Dillman, D. A. (2000). *Mail and Internet surveys: the tailored design method*. New York: John Wiley & Sons.
- Dobbin, S. A., & Gatowski, S. I. (1999). Quantitative and qualitative research. A Judge's Deskbook on the Basic Philosophies and Methods of Science. Reno: State Justice Institute.
- Dobni, D., & Zinkhan, G. M. (1990). In Search of Brand Image: A Foundation Analysis. *Advances in Consumer Research*, 17(1), 110-119.
- Dodds, W. B., Monroe, K. B., & Grewal, D. (1991). Effects of Price, Brand, and Store Information on Buyers' Product Evaluations. *Journal of Marketing Research*, 28(3), 307-319.
- Doney, P. M., & Cannon, J. P. (1997). An examination of the nature of trust in buyer-seller relationships. *Journal of Marketing*, 61(2), 35-52.
- Doole, I., & Lowe, R. (2012). *International marketing strategy: analysis, development and implementation* (6th ed.). Andover: Cengage Learning.
- Douglas, S. P., & Craig, C. S. (2007). Collaborative and Iterative Translation: An Alternative Approach to Back Translation. *Journal of International Marketing*, 15(1), 30-43.
- Doyle, p. (2001). Shareholder-value-based brand strategies. *Brand Management*, 9(1), 20-30.



- Driesener, C., & Romaniuk, J. (2006). Comparing Methods of Brand Image Measurement. *International Journal of Marketing Research*, 48(6), 681-698.
- Dubois, B., Czellar, S., & Laurent, G. (2005). Consumer Segments Based on Attitudes Toward Luxury: Empirical Evidence from Twenty Countries. *Marketing Letters*, 16(2), 115-128.
- Dubois, B., & Duquesne, P. (1993a). The market for luxury goods: Income versus culture. *European Journal of Marketing* 27(1), 35-44.
- Dubois, B., & Duquesne, P. (1993b). Polarisation maps-a new approach to identifying and assessing competitive position-the case of luxury brands. *Marketing and Research Today*, 5(1), 115-124.
- Dubois, B., & Laurent, G. (1994). Attitudes towards the concept of luxury: an exploratory analysis. *Asia Pacific Advances in Consumer Research*, 1(1), 273-278.
- Dubois, B., & Laurent, G. (1996). The functions of luxury: A situational Approach to Excursionism. *Advances in Consumer Research*, 23(1), 470-477.
- Dubois, B., & Paternault, C. (1995). Observations: Understanding the World of International Luxury Brands: the 'Dream Formula'. *Journal of Advertising Research*, 35(4), 69-76.
- Dubois, B., & Paternault, C. (1997). Does luxury have a home country? An investigation of country images in Europe. *Marketing and Research Today*, 5(1), 79-85.
- Dubois, B., Laurent, G., & Czellar, S. (2001). Consumer rapport to luxury : Analyzing complex and ambivalent attitudes Retrieved 4 November, 2011, from <http://www.hec.fr/var/fre/storage/original/application/5ecca063454eb4ef8227d08506a8673b.pdf>
- Dumoulin, D. (2007). What is today's definition of luxury? *Admap*, 3(481), 27-29.
- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing Buyer-Seller Relationships. *Journal of Marketing*, 51(2), 11-27.
- Dyson, P, Farr, A, & Hollis, N. S. (1996). Understanding, Measuring and Using Brand Equity. *Journal of Advertising Research*, 36(6), 9-21.
- Eagly, A. H., & Chaiken, S. (1993). *The Psychology of Attitudes*. New York: Harcourt Brace College Publishers.
- Easterby-Smith, M., Thorpe, R., & Jackson, P. (2012). *Management Research* (4th ed.). London: SAGE Publication Ltd.
- Economic Observer. (2012). Shanghai, Beijing and Tianjin Lead Country in per Capita GDP Retrieved 1 January, 2012, from <http://www.eeo.com.cn/ens/2012/0203/220140.shtml>
- Egan, C. (1998). Chasing the Holy Grail: A critical appraisal of 'the brand' and the brand valuation debate. *Journal of Brand Management*, 5(4), 227-244.

- Ehrenberg, A. S. C., Goodhardt, G. J., & Barwise, T. P. (1990). Double jeopardy revisited. *Journal of Marketing*, 54(3), 82-91.
- Eisingerich, A. B., & Rubera, G. (2010). Drivers of Brand Commitment: A Cross-National Investigation. *Journal of International Marketing* 18(2), 64-79.
- El-amir, A., & Burt, S. (2001). A critical account of the process of branding: towards a synthesis. *Marketing Review*, 10(1), 69-86.
- Elison, A. C. L., & Swee, H. A. (2007). Hedonic vs. Utilitarian consumption: A cross-cultural perspective based on culture conditioning. *Journal of Business Research*, 61(3), 225-232.
- Enders, C. K. (2001). The impact of nonnormality on full information maximum-likelihood estimation for structural equation models with missing data. *Psychological methods*, 6(4), 352-370.
- Erevelles, S. (1998). The role of affect of marketing. *Journal of Business Research*, 42(3), 199-215.
- Eriksson, P., & Kovalainen, A. (2008). *Qualitative Methods in Business Research*. London: Sage.
- Esch, F. R., Langer, T., Schmitt, B. H., & Geus, P. (2006). Are brands forever? How brand knowledge and relationships affect current and future purchases. *Journal of Product & Brand Management*, 15(2), 98-105.
- Essoussi, L. H., & Linton, J. D. (2010). New or recycled products: how much are consumers willing to pay? *Journal of Consumer Marketing*, 27(5), 458-468.
- Euromonitor. (2011). Consumer Lifestyles in China. Euromonitor International Retrieved 12 September 2011  
<http://www.portal.euromonitor.com/Portal/Pages/Analysis/AnalysisPage.aspx>
- Evanschitzky, H., Iyer, G. R., Plassmann, H., Niessing, J., & Meffert, H. (2006). The relative strength of affective commitment in securing loyalty in service relationships. *Journal of Business Research*, 59(12), 1207-1213.
- Faircloth, J. B. (2005). Factors influencing nonprofit resource provider support decision: applying the brand equity concept to nonprofit. *Journal of Marketing Theory and Practice*, 13(3), 1-15.
- Farquhar, P. H. (1989). Managing brand equity. *Marketing Research*, 1(3), 24-33.
- Field, A. P. (2013). *Discovering statistics using IBM SPSS: and sex and drugs and rock 'n' roll* (4th ed.). London: SAGE.
- Fionda, A. M., & Moore, C. M. (2009). The Anatomy of the Luxury Fashion Brand. *Journal of Brand Management*, 16(5), 347-363.
- Fishbein, M. (1967). Attitude and the prediction of behavior. In M. Fishbein (Ed.), *Attitude Theory and Measurement* (pp. 477-492). New York, NY: John Wiley & Sons.

- Fishbein, M., & Ajzen, I. (1975). *Belief, attitude, intention and behavior: an introduction to theory and research*. Reading, MA: Addison-Wesley.
- Fishbein, M., & Ajzen, I. (2010). *Predicting and changing behavior: The reasoned action approach*. New York: Psychology Press.
- Flint, D. J., & Woodruff, R. B. (2001). The initiators of changes in customers' desired value: results from a theory building study. *Industrial Marketing Management*, 30(4), 321-337.
- Flora, L. (2013, 10 June). Luxe Brands Take Strategic Approach to China's Lower-Tier Cities, *Jing Daily*. Retrieved from <http://www.jingdaily.com/luxe-brands-take-strategic-approach-to-chinas-lower-tier-cities/27585/>
- Fotopoulos, C., Krystallis, A., & Nesci, M. (2003). Wine produced by organic grapes in Greece: using means - end chains analysis to reveal organic buyers' purchasing motives in comparison to the non-buyers. *Food Quality and Preferences*, 14(7), 549-566.
- Fournier, S. (1998). Consumers and their brands: developing relationship theory in consumer research. *Journal of Consumer Research*, 24(4), 343-373.
- Fournier, S., & Yao, J. L. (1997). Reviving brand loyalty: A reconceptualization within the framework of consumer-brand relationships. *International Journal of Research in Marketing*, 14(5), 451-472.
- Fowler, F. J. (2009). *Survey research methods* (4th ed.). Thousand Oaks: Sage Publications.
- Franke, N., & Piller, F. (2004). Toolkits for user innovation and design: an exploration of user interaction and value creation. *Journal of Product Innovation Management*, 21(6), 401-415.
- Franke, N., & Schreier, M. (2008). Product uniqueness as a driver of customer utility in mass customization. *Marketing Letters*, 19(2), 93-107.
- Fu, F. Q., & Elliott, M. T. (2013). The Moderating Effect of Perceived Product Innovativeness and Product Knowledge on New Product Adoption: An Integrated Model. *Journal of Marketing Theory & Practice*, 21(3), 257-272.
- Fu, T. T., Liu, J. T., & Hammit, J. (1999). Consumer willingness to pay for low-pesticide fresh produce in Taiwan. *Journal of Agricultural Economics*, 50(2), 220-233.
- Fullerton, G. (2003). When does commitment lead to loyalty? *Journal of Service Research*, 5(4), 333-344.
- Fullerton, G. (2005). The Service Quality-Loyalty Relationship in Retail Services: Does Commitment Matter? *Journal of Retailing and Consumer Service*, 12(2), 99-111.
- Gale, B. Y. (1994). *Managing Customer Value. Creating Quality and Service that Customers Can See*. New York, NY: The Free Press.
- Gallarza, M. G., & Saura, I. G. (2006). Value dimensions, perceived value, satisfaction and loyalty: an investigation of university students' travel behaviour. *Tourism Management*, 27(3), 437-452.

- Gao, L., Norton, M. J. T., Zhang, Z. M., & To, C. K. M. (2009). Potential niche markets for luxury fashion goods in China. *Journal of Fashion Marketing and Management*, 13(4), 514-526.
- Ganesan, S. (1994). Determinant of long-term orientation in buyer-seller relationship. *Journal of Marketing*, 58(2), 1-19.
- Garbarino, E., & Johnson, M. S. (1999). The Different Roles of Satisfaction, Trust, and Commitment in Customer Relationships. *Journal of Marketing*, 63(4), 70-78.
- Gardner, B. B., & Levy, S. J. (1955). The Product and the Brand. *Harvard Business Review*, 33(2), 33-39.
- Garson, G. D. (2012). *Structural Equation Modeling*. Asheboro, NC: Statistical Associates Publishers.
- Garver, M. S., & Mentzer, J. T. (1999). Logistics Research Methods: Employing Structural Equation Modelling to Test For Construct Validity. *Journal of Business Logistics*, 20(1), 33-57.
- Gentry, J. W., Putrevu, S., Shultz, C., & Commuri, S. (2001). How now Ralph Lauren? The separation of brand and product in a counterfeit culture. *Advances in Consumer Research*, 28(1), 258-265.
- Gentry, L., & Calantone, R. (2002). A comparison of three models to explain shop-bot use on the web. *Psychology and Marketing*, 19(11), 945-956.
- Gerbing, D. W., & Anderson, J. C. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of Marketing Research*, 25(2), 186-192.
- Geyskens, I., Steenkamp, J.-B. E. M., Scheer, L. K., & Kumar, N. (1996). The effects of trust and interdependence on relationship commitment: A trans-Atlantic study. *International Journal of Research in Marketing*, 13(4), 303-317.
- Ghoderwar, B. M. (2008). Building brand identity in competitive markets: a conceptual model. *Journal of Product & Brand Management*, 17(1), 4-12.
- Gil, L. A., Kwong, K., Good, L. K., & Johnson, L. W. (2012). Impact of self on attitudes toward luxury brands among teens. *Journal of Business Research*, 65(10), 1425-1433.
- Gil, J. M., Gracia, A., & Sanchez, M. (2000). Market segmentation and willingness to pay for organic products in Spain. *International Food and Agribusiness Management Review*, 3(2), 207-226.
- Gill, J., & Johnson, P. (2002). *Research Methods for Managers* (3rd ed.). London: Sage.
- Gilliland, D. I., & Bello, D. C. (2002). Two Sides to Attitudinal Commitment: The Effect of Calculative and Loyalty Commitment on Enforcement Mechanisms in Distribution Channels. *Journal of Academy of Marketing Science*, 30(1), 24-43.

- GMID. (2010). Consumer Lifestyles in China. Euromonitor International Retrieved 10 July 2011, from Euromonitor International  
<http://www.portal.euromonitor.com/Portal/Pages/Analysis/AnalysisPage.aspx>
- Gobe, M. (2001). *Emotional Branding: The New Paradigm for Connecting Brands to People*. Canada: Allworth Press.
- Godey, B., Lagier, J., & Pederzoli, D. (2009). A measurement scale of “aesthetic style” applied to luxury goods stores. *International Journal of Retail & Distribution Management*, 37(6), 527-537.
- Gounaris, S. P. (2005). Trust and commitment influences on customer retention: insights from business-to-business services. *Journal of Business Research*, 58(2), 126-140.
- Gountas, J., & Gountas, S. (2007). Personality orientations, emotional states, customer satisfaction, and intention to repurchase. *Journal of Business Research*, 60(1), 72-75.
- Graf, A., & Maas, P. (2008). Customer value from a customer perspective: a comprehensive review. *Journal of fur Betriebswirtschaft*, 58(1), 1-20.
- Grix, J. (2010). *The Foundations of Research* (2nd ed.). Basingstoke: Palgrave Macmillan.
- Gronroos, C. (1994). From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing. *Management Decision*, 32(2), 4-20.
- Gronroos, C. (2011). A service perspective on business relationships: The value creation, interaction and marketing interface. *Industrial Marketing Management*, 40(2), 240-247.
- Grossman, G. M., & Shapiro, C. (1988). Foreign Counterfeiting of Status Goods. *The Quarterly Journal of Economics*, 103(1), 79-100.
- Groth, J. C. (1994). The exclusive value principle: a concept for marketing. *Journal of Product and Brand Management*, 3(3), 8-18.
- Groth, J. C., & McDaniel, S. W. (1993). The exclusive value principle: The basis for prestige racing. *Journal of Consumer Marketing*, 10(1), 10-27.
- Gruen, T. W., Summers, J. O., & Acito, F. (2000). Relationship Marketing Activities, Commitment, and Membership Behaviors in Professional Associations. *Journal of Marketing*, 34(3), 34-49.
- Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of Qualitative Research* (pp. 105-117). Thousand Oaks: Sage.
- Guba, E. G., & Lincoln, Y. S. (2008). Paradigmatic Controversies, Contradictions, and Emerging Confluences. In N. K. Denzin & Y. S. Lincoln (Eds.), *The Landscape of qualitative research : theories and issues* (pp. 255-286). London: Sage Publications.
- Gundlach, G. T., Achrol, R. S., & Mentzer, J. T. (1995). The structure of commitment in exchange. *Journal of Marketing*, 59(1), 78-92.

- Gurviez, P., & Korchia, M. (2002). Proposition d'une echelle de mesure multidimensionnelle de la confiance dans la marque. *Research et Application en Marketing*, 17(3), 41-59.
- Gustafsson, A., Johnson, M. D., & Roos, I. (2005). The Effects of Customer Satisfaction, Relationship Commitment Dimensions, and Triggers on Customer Retention. *Journal of Marketing*, 69(10), 210-218.
- Gutman, J. (1982). A means-end chain model based on consumer categorization processes. *Journal of Marketing*, 46(1), 60-72.
- Ha, H. Y. (2004). Factors influencing consumer perceptions of brand trust online. *Journal of Product & Brand Management*, 13(5), 329-342.
- Ha, S., & Stoel, L. (2009). Consumer e-shopping acceptance: Antecedents in a technology acceptance model. *Journal of Business Research*, 62(5), 565-571.
- Hackett, R. D., Bycio, P., & Hausdorf, P. A. (1994). Further assessments of Meyer and Allen's (1991) three-component model of organizational commitment. *Journal of Applied Psychology*, 79(1), 15-23.
- Hague, P. N. (2002). Market research: a guide to planning, methodology & evaluation (3rd ed.). London: Kogan Page.
- Hair, J. F., Black, B., Babin, B., & Anderson, R. E. (2010). *Multivariate Data Analysis* (7th ed.). Upper Saddle River, NJ: Prentice Hall.
- Han, S. L., & Sung, H. S. (2008). Industrial brand value and relationship performance in business markets - A general structural equation model. *Industrial Marketing Management*, 37(7), 807-818.
- Han, Y. J., Nunes, J. C., & Dreze, X. (2010). Signaling Status with Luxury Goods: The Role of Brand Prominence. *Journal of Marketing*, 74(4), 15-30.
- Hanby, T. (1999). Brands - dead or alive? *Journal of the Market Research Society*, 41(1), 7-18.
- Hanemann, W. M. (1994). Valuing the Environment Through Contingent Valuation. *Journal of Economic Perspectives*, 8(4), 19-43.
- Hankinson, G., & Cowking, P. (1993). *Branding in Action*. London: McGraw-Hill Book Company.
- Harrison-Walker, J. L. (2001). The measurement of word-of-mouth communication and an investigation of service quality and customer commitment as potential antecedents. *Journal of Service Research*, 4(1), 60-75.
- He, Y., Zou, D., & Jin, L. (2010). Exploiting the goldmine: a lifestyle analysis of affluent Chinese consumers. *Journal of Consumer Marketing*, 27(7), 615-628.
- Healy, M., & Perry, C. (2000). Comprehensive criteria to judge validity and reliability of qualitative research within the realism paradigm. *Qualitative Market Research: An International Journal*, 3(3), 118-126.

- Heding, T., Knudtzen, C. F., & Bjerre, M. (2008). *Brand management: research, theory and practice*. Abingdon: Routledge.
- Hennigs, N., Wiedmann, K. P., & Klarmann, C. (2012a). Consumer Value Perception of Luxury Goods: A Cross-Cultural and Cross-Industry Comparison. In K. P. Wiedman & N. Hennigs (Eds.), *Luxury Marketing* (pp. 77-99). Wiesbaden: Springer.
- Hennigs, N., Wiedmann, K.-P., Behrens, S., & Klarmann, C. (2013). Unleashing the power of luxury: Antecedents of luxury brand perception and effects on luxury brand strength. *Journal of Brand Management*, 20(8), 705-715.
- Hennigs, N., Wiedmann, K.-P., Klarmann, C., Strehlau, S., Godey, B., Pederzoli, D., Neulinger, A., Dave, K., Aiello, G., Donvito, R., Taro, K., Taborecka-Petrovicova, J., Santos, C. R., Jung, J., & Oh, H. (2012b). What is the Value of Luxury? A Cross-Cultural Consumer Perspective. *Psychology & Marketing*, 29(12), 1018-1034.
- Hennig-Thuray, T., Gwinner, K. P., & Gremler, D. D. (2002). Understanding Relationship Marketing Outcomes. *Journal of Service Research*, 4(1), 230-247.
- Herzog, H. (1963). Behavioural Science Concepts for Analyzing the Consumer. In P. Bliss (Ed.), *Marketing and the Behavioural Science* (pp. 76-86). Boston: Allyn and Bacon.
- Hess, J. S. (1995). Construction and Assessment of a Scale to Measure Consumer Trust. In B. B. Stern & G. M. Zinkhan (Eds.), *Enhancing Knowledge Development in Marketing* (pp. 20-26). Chicago: American Marketing Association.
- Hess, J., & Story, J. (2005). Trust-based commitment: multidimensional consumer-brand relationships. *Journal of Consumer Marketing*, 22(6), 313-322.
- Hieke, S. (2010). Effects of counterfeits on the image of luxury brands: An empirical study from the customer perspective. *Journal of Brand Management*, 18(2), 159-173.
- Hinkin, T. R. (1995). A Review of Scale Development Practices in the Study of Organizations. *Journal of Management*, 21(5), 967-988.
- Hirschman, E. C., & Holbrook, M. B. (1982). Hedonic Consumption: Emerging Concepts, Methods and Propositions. *Journal of Marketing*, 46(3), 92-101.
- Holbrook, M. B. (1994). The nature of customer value: an axiology of services in the consumption experience. In T. R. Roland & L. O. Richard (Eds.), *Service Quality: New Directions in Theory and Practice* (pp. 21-71). Thousand Oaks, CA: Sage Publications.
- Holbrook, M. B. (1996). Customer value – a framework for analysis and research. *Advances in Consumer Research*, 23(1), 138-142.
- Holbrook, M. B., & Hirschman, E. C. (1982). The Experiential Aspects of Consumption: Consumer Fantasies, Feelings, and Fun. *Journal of Consumer Research*, 9(2), 132-140.
- Holt, D. B. (2003). What becomes an icon most? *Harvard Business Review*, 81(3), 43-52.
- Hong, I. B., & Cha, H. S. (2013). The mediating role of consumer trust in an online merchant in predicting purchase intention. *International Journal of Information Management*, 33(6), 927-939.

- Hooley, G. J., Nigel, P., & Brigitte, N. (2012). *Marketing strategy and competitive positioning* (5th ed.). Harlow, Essex: Pearson Financial Times/Prentice Hall.
- Hsieh, A. T., & Li, C. K. (2008). The moderating effect of brand image on public relations perception and customer loyalty. *Marketing Intelligence & Planning*, 26(1), 26-42.
- Hsieh, M. H., & Lindridge, A. (2005). Universal appeals with local specifications. *Journal of Product and Brand Management*, 14(1), 14-28.
- Hsu, C. H. C., Oh, H., & Assaf, A. G. (2012). A Customer-Based Brand Equity Model for Upscale Hotels. *Journal of Travel Research*, 51(1), 81-93.
- Hu, L. T., Bentler, P. M., & Kano, Y. (1992). Can test statistics in covariance structure analysis be trusted?. *Psychological Bulletin*, 112(2), 351-362.
- Huber, F., Herrmann, A., & Morgan, R. E. (2001). Gaining competitive advantage through customer value oriented management. *Journal of Consumer Marketing*, 18(1), 41-53.
- Hung, K., Chen, A. H., Peng, N., Hackley, C., Tiwsakul, R. A., & Chou, C. (2011). Antecedents of luxury brand purchase intention. *Journal of Product & Brand Management*, 20(6), 457-467.
- Husic, M., & Cicic, M. (2009). Luxury consumption factors. *Journal of Fashion Marketing and Management*, 13(2), 231-245.
- Hwang, J., & Kandampully, J. (2012). The role of emotional aspects in younger consumer-brand relationships. *Journal of Product & Brand Management*, 21(2), 98-108.
- Iacobucci, D. (2010). Structural equations modeling: Fit Indices, sample size, and advanced topics. *Journal of Consumer Psychology*, 20(1), 90-98.
- Iacobucci, D., & Churchill Jr, G. A. (2010). *Marketing research: methodological foundations* (10th ed.). South-Western: Cengage Learning.
- Ian, Y., & Una, M. B. (2006). Luxury markets and premium pricing. *Journal of Revenue & Pricing Management*, 4(4), 319-328.
- Iversen, N. M., & Hem, L. E. (2008). Provenance association as core value of place umbrella brands: a framework of characteristics. *European Journal of Marketing*, 42(4/5), 603-626.
- Jackson, T. (2004). A contemporary analysis of global luxury brands. In C. M. Bruce, C. M. Moore & G. Birtwistle (Eds.), *International Retail Marketing* (pp. 155-169). Oxford: Elsevier Butterworth-Heinemann.
- Jackson, V., Stoel, L., & Brantley, A. (2011). Mall attributes and shopping value: Differences by gender and generational cohort. *Journal of Retailing and Consumer Services*, 18(1), 1-9.
- Jacoby, J., & Chestnut, R. W. (1978). *Brand loyalty measurement and management*. New York: Wiley.



- Jahn, S., Gaus, H., & Kiessling, T. (2012). Trust, Commitment, and Older Women: Exploring Brand Attachment Differences in the Elderly Segment. *Psychology & Marketing*, 29(6), 445-457.
- Jamieson, L. F., & Bass, F. M. (1989). Adjusting stated intention measures to predict trial purchase of products: a comparison of models and methods. *Journal of Marketing Research*, 26(3), 336-345.
- Jarvis, C. B., Mackenzie, S. B., & Podsakoff, P. M. (2003). A Critical Review of Construct Indicators and Measurement Model Misspecification in Marketing and Consumer Research. *Journal of Consumer Research*, 30(2), 199-217.
- Jin, B., & Kang, J. H. (2011). Purchase intention of Chinese consumers toward a US apparel brand: a test of a composite behavior intention model. *Journal of Consumer Marketing*, 28(3), 187-199.
- Jin, S. A. A. (2012). The potential of social media for luxury brand management. *Marketing Intelligence & Planning*, 30(7), 687-699.
- Johar, J. S., & Sirgy, M. J. (1991). Value-Expressive versus Utilitarian Advertising Appeals: When and Why to Use Which Appeal. *Journal of Advertising*, 20(3), 23-33.
- Johnson-George, C., & Swap, W. C. (1982). Measurement of specific interpersonal trust: construction and validation of a scale to assess trust in a specific other. *Journal of Personality and Social Psychology*, 43(6), 1306-1317.
- Johnson, J. T., Barksdale, H. C., & Boles, J. S. (2001). The strategic role of the salesperson in reducing customer defection in business relationships. *Journal of Personal Selling and Sales Management*, 21(2), 123-134.
- Johnson, M. D., Herrmann, A., & Huber, F. (2006). The Evolution of Loyalty Intentions. *Journal of marketing*, 70(2), 122-132.
- Johnson, M. D., & Selnes, F. (2004). Customer Portfolio Management: Toward a Dynamic Theory of Exchange Relationships. *Journal of Marketing*, 68(2), 1-17.
- Johnson, P., Buehring, A., Cassell, C., & Symon, G. (2006). Evaluating qualitative management research: Towards a contingent criteriology. *International Journal of Management Reviews*, 8(3), 131-156.
- Juggessur, J., & Cohen, G. (2009). Is fashion promoting counterfeit brands? *Journal of Brand Management*, 16(5/6), 383-394.
- Kahneman, D., & Knetsch, J. (1992). Contingent valuation and the value of public goods: reply. *Journal of Environmental Economic and Management*, 22(1), 57-70.
- Kahneman, D., Slovic, P., & Tversky, A. (1982). *Judgment under uncertainty: heuristics and biases*. Cambridge: Cambridge University Press.
- Kahneman, D., & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk. *Econometrica*, 47(2), 263-292.

- Kalish, S., & Nelson, P. (1991). A comparison of ranking, rating and reservation price measurement in conjoint analysis. *Marketing Letters*, 2(4), 327-335.
- Kalra, A., & Goodstein, R. C. (1998). The impact of advertising positioning strategies on consumer price sensitivity. *Journal of Marketing Research*, 35(2), 210-224.
- Kanter, R. M. (1969). Commitment and Social Organisation: A Study of Commitment Mechanisms in Utopian Communities. *American Sociological Review*, 33(4), 499-517.
- Kapferer, J. N. (1997). Managing Luxury Brands. *Journal of Brand Management*, 4(4), 251-269.
- Kapferer, J. N. (1998). Why are we seduced by luxury brands? *Journal of Brand Management*, 6(1), 44-49.
- Kapferer, J. N. (2001). *(Re)-inventing the brand: can top brands survive the new market realities?* London: Kogan Page.
- Kapferer, J. N. (2004). *The New Strategic Brand Management --Creating and sustaining brand equity long term* (3rd ed.). London: Kogan Page Ltd.
- Kapferer, J. N. (2006). The two business cultures of luxury brands. In J. E. Schroeder & M. S. Morling (Eds.), *Brand culture* (pp. 67-76). Abingdon, Oxon: Routledge.
- Kapferer, J. N. (2008). *The new strategic brand management: creating and sustaining brand equity long term* (4th ed.). London: Kogan Page.
- Kapferer, J. N., & Bastien, V. (2009). The luxury strategy: break the rules of marketing to build luxury brands. London: Kogan Page, p. 95.
- Kapferer, J. N., & Bastine, V. (2012). The luxury strategy: break the rules of marketing to build luxury brands (2nd ed.). London: Kogan Page.
- Kaplan, M. D. (2007). *Product appearance and brand knowledge: an analysis of critical relationships*. (PhD thesis), Izmir University Of Economics, Izmir.
- Kaplan, R. M., & Saccuzzo, D. P. (2012). *Psychological Testing: Principles, Applications, and Issues* (8th ed.). Belmont, CA: Wadsworth Publishing Co Inc.
- Katz, D. (1960). The functional approach to the study of attitudes. *Public Opinion Quarterly*, 24(2), 163-204.
- Kaufman, J. J. (2001). *Value management: creating competitive advantage*. Canterbury: Financial World 2001.
- Kaya, O., Florkowski, W. J., Yen, S. T., & Suh, D.-K. (2013). Determinants of Decision to Pay a Price Premium for Modified Food in Korea. *Agribusiness*, 29(2), 172-193.
- Keh, H. T., & Xie, Y. (2009). Corporate reputation and customer behavioral intentions: The roles of trust, identification and commitment. *Industrial Marketing Management*, 38(7), 732-742.

- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1-23.
- Keller, K. L. (1998). *Strategic Brand Management: Building, Measuring and Managing Brand Equity*. New York: Prentice Hall.
- Keller, K. L. (1999). Managing brands for the long run: brand reinforcement and revitalization strategies. *California Management Review*, 41(3), 102-124.
- Keller, K. L. (2009). Managing the growth tradeoff: Challenges and opportunities in luxury branding. *Journal of Brand Management*, 16(5/6), 290-301.
- Keller, K. L. (2001). Building customer-based brand equity: creating brand resonance requires carefully sequenced brand-building efforts. *Marketing Management*, 10(2), 14-19.
- Khalifa, A. S. (2004). Customer value: a review of recent literature and an integrative configuration. *Management Decision*, 42(5), 645-666.
- Kiesler, C. A. (1977). Sequential Events in Commitment. *Journal of Personality*, 45(1), 65-78.
- Kim, A. J., & Ko, E. (2010). Impacts of Luxury Fashion Brand's Social Media Marketing on Customer Relationship and Purchase Intention. *Journal of Global Fashion Marketing*, 1(3), 164-171.
- Kim, C. K., & Chung, J. Y. (1997). Brand popularity, country image and market share: an empirical study. *Journal of International Business Studies*, 28(2), 361-382.
- Kim, G., Kim, A., & Sohn, S. Y. (2009). Conjoint analysis for luxury brand outlet malls in Korea with consideration of customer lifetime value. *Expert Systems with Applications*, 36(1), 922-932.
- Kim, J., Lim, J. S., & Bhargave, M. (1998). The Role of Affect in Attitude Formation: A Classical Conditioning Approach. *Journal of the Academy of Marketing Science*, 26(2), 143-152.
- Kim, J., Morris, J. D., & Swait, J. (2008). Antecedents of True Brand Loyalty. *Journal of Advertising*, 37(2), 99-117.
- Kim, J. S. (1998). Assessing the causal relationships among materialism, reference group, and conspicuous consumption of Korean adolescents. *Consumer Interests Annual*, 44(1), 155.
- Kim, J. W., Choi, J., Quall, W., & Han, K. (2008). It takes a marketplace community to raise brand commitment: the role of online communities. *Journal of Marketing Management* 24(3/4), 409-431.
- Kim, M., Kim, S., & Lee, Y. (2010). The effect of distribution channel diversification of foreign luxury fashion brands on consumers' brand value and loyalty in the Korean market. *Journal of Retailing and Consumer Services*, 17(4), 286-293.

- Kim, M. G., & Kim, J. (2010). Cross-validation of reliability, convergent and discriminant validity for the problematic online game use scale. *Computers in Human Behavior*, 26(3), 389-398.
- Kimpakorn, N., & Tocquer, G. (2010). Service brand equity and employee brand commitment. *Journal of Services Marketing*, 24(5), 378-388.
- Kline, R. B. (2011). *Principles and practice of structural equation modeling* (3rd ed.). New York: Guilford Press.
- Knight, D. K., & Kim, E. Y. (2007). Japanese consumers' need for uniqueness: Effects on brand perceptions and purchase intention. *Journal of Fashion Marketing and Management*, 11(2), 270-280.
- Knowledge@Wharton. (2007). Is China's Luxury Goods Market a 'Pot of Gold' for Marketers? Retrieved 11 July, 2012, from <http://www.knowledgeatwharton.com.cn/index.cfm?fa=viewfeature&articleid=1672&languageid=1>
- Knox, S., & Bickerton, D. (2003). The six conventions of corporate branding. *European Journal of Marketing*, 37(7/8), 998-1016.
- Knox, S., & Walker, D. (2001). Measuring and managing brand loyalty. *Journal of Strategic Marketing*, 9(2), 111-128.
- Kortge, G. D., & Okonkwo, P. A. (1993). Perceived value approach to pricing. *Industrial Marketing Management*, 22(2), 133-140.
- Kotler, P. (1988). *Marketing Management: Analysis, Planning and Control*. Englewood Cliffs, NJ: Prentice-Hall.
- Kotler, P. (2000). *Marketing Management*. Upper Saddle River, NJ: Prentice Hall.
- Kotler, P., & Keller, K. L. (2009). *Marketing Management* (13th ed.). New Jersey, NJ: Prentice Hall.
- Koubaa, Y. (2008). Country of origin, brand image perception, and brand image structure. *Asia Pacific Journal of Marketing and Logistics*, 20(2), 139-155.
- KPMG. (2013). Consumer Markets Global Research of China Luxury: A KPMG study Retrieved 5 February, 2013, from <http://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/Global-Reach-China-Luxury-201301.pdf>
- Kriz, A., & Keating, B. M. (2010). Business Relationships in China: Lessons about Deep Trust. *Asia Pacific Business Review*, 16(3), 299-318.
- Krystallis, A., & Chryssohoidis, G. (2005). Consumers' willingness to pay for organic food: factors that affect it and variation per organic product type. *British Food Journal*, 107(5), 320-343.
- Kumar, A., Lee, H. J., & Kim, Y. K. (2009). Indian consumers' purchase intention toward a United States versus local brand. *Journal of Business Research*, 62(5), 521-527.

- Kumar, N., Hibbard, J. D., & Stern, L. W. (1994). The nature and consequences of marketing channel intermediary commitment (pp. 94-115). Cambridge, MA: Marketing Science Institute.
- Kumar, N., Scheer, L. K., & Steenkamp, J.-b. E. M. (1995). The Effects of Perceived Interdependence on Dealer Attitudes. *Journal of Marketing Research*, 32(3), 348-356.
- Kumar, V. (2000). *International marketing research*. Upper Saddle River, N.J.: Prentice Hall.
- Kumar, V., Bohling, T. R., & Ladda, R. N. (2003). Antecedents and consequences of relationship intention: implications for transaction and relationship marketing. *Industrial Marketing Management*, 32(8), 667-676.
- Kwun, J. W., & Oh, H. (2004). Effects of brand, price, and risk on customer's value perceptions and behaviour intentions in the restaurant industry. *Journal of Hospitality and Leisure Marketing*, 11(1), 31-49.
- Lacey, R. (2007). Relationship drivers of customer commitment. *Journal of Marketing Theory & Practice*, 15(4), 315-333.
- Landroguéz, S. M., Castro, C. B., & Cepeda-Carrion, G. (2013). Developing an integrated vision of customer value. *Journal of Services Marketing*, 27(3), 234-244.
- Laroche, M., Bergeron, J., & Barbaro-Forleo, G. (2001). Targeting consumers who are willing to pay more for environmentally friendly products. *Journal of Consumer Marketing*, 18(6), 503-520.
- Larzelere, R. E., & Huston, T. L. (1980). The dyadic trust scale: toward understanding interpersonal trust in close relationships. *Journal of Marriage and Family*, 42(3), 595-604.
- Lastovicka, J. L., & Gardner, D. M. (1978). Low involvement versus high involvement cognitive structures. *Advances in Consumer Research*, 5(1), 87-92.
- Lassar, W., Mittal, B., & Sharma, A. (1995). Measuring customer-based brand equity. *Journal of Consumer Marketing*, 12(4), 11-19.
- Lau, G. T., & Lee, S. H. (1999). Consumers' Trust in a Brand and the Link to Brand Loyalty. *Journal of Market Focused Management*, 4(4), 341-370.
- Lee, C. K., & Han, S. Y. (2002). Estimating the use and preservation values of national parks' tourism resources using a contingent valuation method. *Tourism Management*, 23(5), 531-540.
- Lee, H. M., Lee, C. C., & Wu, C. C. (2011). Brand image strategy affects brand equity after M&A. *European Journal of Marketing*, 45(3/4), 1091-1111.
- Li, G., Li, G., & Kambele, Z. (2012). Luxury fashion brand consumers in China: Perceived value, fashion lifestyle, and willingness to pay. *Journal of Business Research*, 65(10), 1516-1522.
- Li, F., Zhou, N., Kashyap, R., & Yang, Z. (2008). Brand trust as a second-order factor: An alternative measurement model. *International Journal of Market Research*, 50(6), 817-839.

- Li, W. K., Monroe, K. B., & Chan, D. K.-S. (1994). The Effects of Country of Origin, Brand, and Price Information: A Cognitive-Affective Model of Buying Intentions. *Advances in Consumer Research*, 21(1), 449-457.
- Liao, J. P., & Wang, L. (2009). Face as a mediator of the relationship between material value and brand consciousness. *Psychology & Marketing*, 26(11), 987-1001.
- Lichtenstein, D. R., Ridgway, N. M., & Netemeyer, R. G. (1993). Price Perceptions and Consumer Shopping Behavior: A Field Study. *Journal of Marketing Research*, 30(2), 234-245.
- Lien, L. M. (2009). *Operationalising the luxury construct and modelling the influence of confucian cultural values on the perception, attitude and buying behaviour of east Asian consumers of luxury goods*. (Unpublished Theses), The University of Leeds.
- Lindskold, S. (1978). Trust Development, the GRIT Proposal and the Effects of Conciliatory Acts on Conflict and Cooperation. *Psychological Bulletin*, 85(4), 772-793.
- Ling, K., Choon., Chai, L. T., & Piew, T. H. (2010). The Effects of Shopping Orientations, Online Trust and Prior Online Purchase Experience toward Customers' Online Purchase Intention. *International Business Research*, 3(3), 63-76.
- List, J. A. (2003). Using Random nth Price Auctions to Value Non-Market Goods and Services. *Journal of Regulatory Economics* 23(2), 193-205.
- Liu, S. X. (2011, 11 July 2011). Debate: Luxury goods: Don not cut tax on luxury goods, *China Daily.com.cn*. Retrieved from [http://www.chinadaily.com.cn/bizchina/2011-07/11/content\\_12877066.htm](http://www.chinadaily.com.cn/bizchina/2011-07/11/content_12877066.htm)
- Loomis, J. B., & Walsh, R. G. (1997). *Recreation Economic Decisions: Comparing Benefits and Cost* (2nd ed.). State College, PA: Venture Publishing, Inc.
- Louis, D., & Lombart, C. (2010). Impact of brand personality on three major relational consequences (trust, attachment, and commitment to the brand). *Journal of Product & Brand Management*, 19(2), 114-130.
- Low, G. S., & Lamb, J. C. W. (2000). The measurement and dimensionality of brand associations. *Journal of Product & Brand Management*, 9(6), 350-370.
- Lu, P. X. (2008). *Elite China: luxury consumer behavior in China*. Singapore: John Wiley & Sons (Asia).
- Lu, P. X. (2011). *Elite China: Luxury Consumer Behavior in China*. Hoboken: Wiley.
- Lu, P. X., & Pras, B. (2011). Profiling mass affluent luxury goods consumers in China: A psychographic approach. *Thunderbird International Business Review*, 53(4), 435-455.
- Luk, S. T. K., & Yip, L. S. C. (2008). The moderator effect of monetary sales promotion on the relationship between brand trust and purchase bahaviour. *Journal of Brand Management*, 15(6), 452-464.

- Lusk, J. L., Jamal, M., Kurlander, L., Roucan, M., & Taulman, L. (2005). A Meta-Analysis of Genetically Modified Food Valuation Studies. *Journal of Agricultural and Resource Economics*, 30(1), 28-44.
- Luxury studies. (2011). The Real Thing: Luxury & Authenticity in Design Retrieved 10 September, 2013, from <http://luxurystudies.blogspot.co.uk/2011/02/history-of-luxury.html>
- Lynn, M. (1991). Scarcity effects on a value: A quantitative review of the commodity theory literature. *Psychology and Marketing*, 8(1), 45-57.
- Mackenzie, S. B. (2001). Opportunities for Improving Consumer Research through Latent Variable Structural Equation Modeling. *Journal of Consumer Research*, 28(1), 159-166.
- Malhotra, N. K., & Briks, D. F. (2007). *Marketing research: an applied approach* (3rd ed.). Harlow: Financial Times Prentice Hall.
- Mankiw, N. G. (2006). *Microeconomics* (6th ed.). New York: Worth.
- Marsh, H. W., Muthen, B., Asparouhov, T., Ludtke, O., Robitzsch, A., Morin, A., J. S., & Trautwein, U. (2009). Laboratory Structural Equation Modeling, Integrating CFA and EFA: Application to Students' Evaluations of University Teaching. *Structural Equation Modeling*, 16(3), 436-476.
- Martella, R. C., Nelson, R., & Marchand-Martella, N. E. (1999). *Research methods: Learning to become a critical research consumer*. Boston: Allyn & Bacon.
- Martinez, E., & Pina, J. M. (2003). The negative impact of brand extensions on parent brand image. *Journal of Product & Brand Management*, 12(7), 432-448.
- Mathieu, J. E., & Zajac, D. M. (1990). A Review and Meta-analysis of the Antecedents, Correlates, and Consequences of Organizational Commitment. *Psychological Bulletin*, 108(2), 171-194.
- Mattila, A. S. (2006). How Affective Commitment Boosts Guest Loyalty (and Promotes Frequent-guest Programs). *Cornell Hospitality Quarterly*, 47(2), 174-181.
- Mattila, A. S., & Enz, C. A. (2002). The role of emotions in service encounters. *Journal of Service Research*, 4(4), 268-277.
- Matzler, K., Bidmon, S., & Grabner-Krauter, S. (2006). Individual determinants of brand affect: the role of the personality traits of extraversion and openness to experience. *Journal of Product & Brand Management*, 15(7), 427-434.
- Matzler, K., Grabner-Krauter, S., & Bidmon, S. (2008). Risk aversion and brand loyalty: the mediating role of brand trust and brand affect. *Journal of Product & Brand Management*, 17(3), 154-162.
- Matzler, K., Pichler, E. A., & Hemetsberger, A. (2007). *Who is spreading the word? The positive influence of extraversion on consumer passion and brand evangelism*. Paper presented at the American Marketing Association, Chicago.

- McCracken, G. (1986). Culture and consumption: A theoretical account of the structure and movement of the cultural meaning of consumer goods. *Journal of Consumer Research*, 13(1), 71-84.
- McKinsey Corporation. (1990). *The Luxury Industry: An Asset for France*. Paris: McKinsey.
- McWilliam, G. (2000). Building Stronger Brands through Online Communities. *Sloan Management Review*, 41(3), 43-54.
- Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61-89.
- Meyer, J. P., & Allen, N. J. (1997). *Commitment in the Workplace: Theory, Research, and Application*. Thousand Oaks: SAGE Publications.
- Miller, K. W., & Mills, M. K. (2012a). Contributing clarity by examining brand luxury in the fashion market. *Journal of Business Research*, 65(10), 1471-1479.
- Miller, K. W., & Mills, M. K. (2012b). Probing brand luxury: A multiple lens approach. *Journal of Brand Management* 20(1), 41-51.
- Mintel. (2004). The global luxury goods market Retrieved 18 July, 2012, from <http://oxygen.mintel.com/index.html>
- Mitchell, A. (1998). Loyal yes, staying no. *Management Today*, 75(1), 104-105.
- Mizik, N., & Jacobson, R. (2003). Trading off between value creation and value appropriation: the financial implications of shifts in strategic emphasis. *Journal of Marketing*, 67(1), 63-76.
- Monroe, K. B. (1990). *Pricing: making profitable decisions*. New York: McGraw-Hill.
- Moore, C. M., & Birtwistle, G. (2005). The nature of parenting advantage in luxury fashion retailing - the case of Gucci group NV. *International Journal of Retail & Distribution Management*, 33(4), 256-270.
- Moorman, C., Zaltman, G., & Deshpande, R. (1992). Relationships between providers and users of market research: The dynamics of trust within and between organizations. *Journal of Marketing Research*, 29(3), 314-328.
- Morgan, R. M., & Hunt, S. D. (1994). The Commitment-Trust Theory of Relationship Marketing. *Journal of Marketing*, 58(3), 20-38.
- Morris, J. D., Woo, C., Geason, J. A., & Kim, J. (2002). The Power of Affect: Predicting Intention. *Journal of Advertising Research*, 42(3), 7-17.
- Murphy, K. R., & Davidshofer, C. O. (1994). *Psychological testing: principles and applications*. London: Prentice-Hall.
- Musa, R., Pallister, J., & Robson, M. (2005). The Roles of Perceived Value, Perceived Equity and Relational Commitment in a Disconfirmation Paradigm Framework: An Initial



- Assessment in a 'Relationship-Rich' Consumption Environment. *Advances in consumer research*, 32(1), 349-357.
- Myers, C. A. (2003). Managing brand equity: a look at the impact of attributes. *Journal of Product and Brand Management*, 12(1), 39-51.
- Nandan, S. (2005). An exploration of the brand identity-brand image linkage: A communications perspective. *Journal of Brand Management*, 12(4), 264-278.
- Netemeyer, R. G., Krishnan, B., Pullig, C., Wang, G. P., Yagci, M., Dean, D., Ricks, Joe., & Wirth, F. (2004). Developing and validating measures of facets of customer-based brand equity. *Journal of Business Research*, 57(2), 209-224.
- Neuman, W. L. (2011). Social research methods: qualitative and quantitative approaches (7th ed.). Boston: Allyn & Bacon.
- Newman, J. W. (1957). New Insight, New Progress, for Marketing. *Harvard Business Review*, 35(6), 95-102.
- Nia, A., & Zaichkowsky, J. L. (2000). Do counterfeits devalue the ownership of luxury brands? *Journal of Product & Brand Management*, 9(7), 485-497.
- Nielsen. (2011). Gucci reigns as the Most Coveted luxury brand in the world Retrieved 12 July, 2012, from [http://www.marketresearchworld.net/index.php?option=com\\_content&task=view&id=2053&Itemid=77](http://www.marketresearchworld.net/index.php?option=com_content&task=view&id=2053&Itemid=77)
- Nueno, J. L., & Quelch, J. A. (1998). The mass marketing of luxury. *Business Horizons*, 41(6), 61-68.
- Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). New York: McGraw-Hill.
- Oatley, K., & Johnson-Laird, P. N. (1987). Towards a Cognitive Theory of Emotions. *Cognition and Emotion*, 1(1), 29-50.
- O'Cass, A., & Choy, E. (2008). Studying Chinese generation Y consumers' involvement in fashion clothing and perceived brand status. *Journal of Product & Brand Management*, 17(5), 341-352.
- O'Cass, A., & Frost, H. (2002). Status brands: Examining the effects of non-product brand associations on status and conspicuous consumption. *Journal of Product & Brand Management*, 11(2), 67-88.
- O'Cass, A., & McEwen, H. (2004). Exploring consumer status and conspicuous consumption. *Journal of Consumer Behaviour*, 4(1), 25-39.
- Ogba, I. E., & Tan, Z. Z. (2009). Exploring the impact of brand image on customer loyalty and commitment in China. *Journal of Technology Management in China*, 4(2), 132-144.
- Oh, H. (2000). Diner's perceptions of quality, value, & satisfaction. *Cornell Hotel & Restaurant Administration Quarterly*, 41(3), 58-66.

- Okonkwo, U. (2007). *Luxury fashion branding: trends, tactics, techniques*. Basingstoke: Palgrave Macmillan.
- Okonkwo, U. (2009). The luxury brand strategy challenge. *Journal of Brand Management*, 16(5/6), 287-289.
- Oliver, R. L. (1997). *Satisfaction: A Behavioral Perspective on the Consumer*. New York: The McGraw-Hill Company, Inc.
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(1), 33-44.
- Orth, U. R., McDaniel, M., Shellhammer, T., & Lopetcharat, K. (2004). Promoting brand benefits: the role of consumer psychographics and lifestyle. *Journal of Consumer Marketing*, 21(2), 97-108.
- Padgett, D., & Allen, D. (1997). Communicating experiences: A narrative approach to creating service brand image. *Journal of Advertising*, 26(4), 49-62.
- Palmatier, R. W., Dant, R., Grewal, D., & Evans, K. R. (2006). Factors Influencing the Effectiveness of Relationship Marketing: A Meta-Analysis. *Journal of Marketing*, 70(4), 136-153.
- Parasuraman, A., & Grewal, D. (2000). Serving customers and consumers effectively in the twenty-first century: a conceptual framework and overview. *Journal of the Academy of Marketing Science*, 28(1), 9-16.
- Park, C. S., & Srinivasan, V. (1994). A Survey-Based Method for Measuring and Understanding Brand Equity and Its Extendibility. *Journal of Marketing Research*, 31(2), 271-288.
- Park, C. W., Jawarski, B. J., & MacInnis, D. J. (1986). Strategic Brand Concept-Image Management. *Journal of Marketing* 50(4), 135-145.
- Park, H., & Park, J. (2003). Mature consumers' purchasing motivation for imported and domestic suites. *Clothing Culture Study*, 11(1), 1-10.
- Park, H. J., Rabolt, N. J., & Jeon, K. S. (2008). Purchasing global luxury brands among young Korean consumers. *Journal of Fashion Marketing and Management*, 12(2), 244-259.
- Park, W. C., MacInnis, D. J., Priester, J. R., Eisingerich, A. B., & Iacobucci, D. (2010). Brand attachment and brand attitude strength: conceptual and empirical differentiation of two critical brand equity drivers. *Journal of Marketing*, 74(6), 1-17.
- Patterson, P. G., & Spreng, R. A. (1997). Modelling the relationship between perceived value, satisfaction and repurchase intentions in a business-to-business, services context: an empirical examination. *International Journal of Service Industry Management*, 8(5), 414-434.
- Payne, A., & Holt, S. (2001). Diagnosing Customer Value: Integrating the Value Process and Relationship Marketing. *British Journal of Management*, 12(2), 159-182.
- Payne, A., Storbacka, K., Frow, P., & Knox, S. (2009). Co-creating brands: diagnosing and designing the relationship experience. *Journal of Business Research*, 62(3), 379-389.

- Pedersen, S. (2006). *Handbags: what every woman should know*. UK: David & Charles.
- Persson, N. (2010). An exploratory investigation of the elements of B2B brand image and its relationship to price premium. *Industrial Marketing Management*, 39(8), 1269-1277.
- Perry, C., Riege, A., & Brown, L. (1999). Realism's role among scientific paradigms in marketing research. *Irish Marketing Journal*, 12(2), 16-23.
- Persson, N. (2010). An exploratory investigation of the elements of B2B brand image and its relationship to price premium. *Industrial Marketing Management*, 39(8), 1269-1277.
- Peterson, R. A. (1994). A meta-analysis of cronbach's coefficient alpha. *Journal of Consumer Research*, 21(2), 381-391.
- Phau, I., & Leng, Y. S. (2008). Attitudes toward domestic and foreign luxury brand apparel: A comparison between status and non status seeking teenagers. *Journal of Fashion Marketing and Management*, 12(1), 68-89.
- Phau, I., & Prendergast, G. (2000a). Conceptualizing the country of origin of brand. *Journal of Consumer Communications*, 6(1), 159-170.
- Phau, I., & Prendergast, G. (2000b). Consuming luxury brands: The relevance of the 'Rarity Principle'. *Journal of Brand Management*, 8(2), 122-138.
- Phau, I., & Teah, M. (2009). Devil wears (counterfeit) Prada: a study of antecedents and outcomes of attitudes towards counterfeits of luxury brands. *Journal of Consumer Marketing*, 26(1), 15-27.
- Philippe, A., & Gilles, N. G. (2010). The differing and mediating roles of trust and relationship commitment in service relationship maintenance and development. *Journal of the Academy of Marketing Science*, 38(3), 303-325.
- Porter, M. E. (1996). What is strategy? *Harvard Business Review*, 74(6), 61-78.
- Portney, P. R. (1994). The Contingent Valuation Debate: Why Economists Should Care. *Journal of Economic Perspectives*, 8(4), 3-17.
- Pouta, E., & Rekola, M. (2001). The Theory of Planned Behavior in Predicting Willingness to Pay for Abatement of Forest Regeneration. *Society and Natural Resources*, 14(2), 93-106.
- Prendergast, G., & Wong, C. (2003). Parental influence on the purchase of luxury brands of infant apparel: an exploratory study in Hong Kong. *Journal of Consumer Marketing*, 20(2), 157-169.
- Prendergast, G., Phau, I., & Wong, C. (2000). *An exploratory study of the purchase of luxury brands on infant apparel*. Paper presented at the Visionary Marketing for 21st Century: Facing the Challenge; Proceedings 2000 ANZMAC Conference. Queensland retrieved from <http://smib.vuw.ac.nz:8081/www/ANZMAC2000/CDsite/papers/p/Prender1.PDF>

- Pritchard, M. P., Havitz, M. E., & Howard, D. R. (1999). Analyzing the Commitment-Loyalty Link in Service Contexts. *Journal of the Academy of Management Science*, 27(3), 333-348.
- Pruitt, D. G. (1981). *Negotiation Behavior*. New York: Academic Press. Inc.
- Punniyamoorthy, M., & Raj, M. M. P. (2007). An empirical model for brand loyalty measurement. *Journal of Targeting, Measurement & Analysis for Marketing*, 15(4), 222-233.
- Quester, P., & Lim, A. L. (2003). Product involvement/ brand loyalty: Is there a link? *Journal of Product & Brand Management*, 12(1), 22-38.
- Raje, D. V., Dhobe, P. S., & Deshpande, A. W. (2002). Consumer's willingness to pay more for municipal supplied water: a case study. *Ecological Economics*, 42(3), 391-400.
- Raju, S., Unnava, H. R., & Montgomery, N. V. (2009a). The Effect of Brand Commitment on the Evaluation of Nonpreferred Brands: A Disconfirmation Process. *Journal of Consumer Research*, 35(5), 851-963.
- Raju, S., Unnava, H. R., & Montgomery, N. V. (2009b). The moderating effect of brand commitment on the evaluation of competitive brands. *Journal of Advertising*, 38(2), 21-35.
- Rao, A. R., & Bergen, M. E. (1992). Price premium variations as a consequence of buyers' lack of information. *Journal of Consumer Research*, 19(3), 412-423.
- Rauyruen, P., Miller, K. E., & Barrett, N. J. (2007). Relationship quality as a predictor of B2B customer loyalty. *Journal of Business Research*, 60(1), 21-31.
- Ravald, A., & Gronroos, C. (1996). The value concept and relationship marketing. *European Journal of Marketing*, 30(2), 19-30.
- Reast, J. D. (2003). *The role of brand trust within related and unrelated brand extension activities: a consumer perspective*. (Unpublished PhD thesis), University of Leeds.
- Reynolds, T. J., & Gutman, J. (1984). Advertising is image management. *Journal of Advertising Research*, 24(1), 27-37.
- Reynolds, T. J., & Gutman, J. (1988). Laddering theory, method, analysis, and interpretation. *Journal of Advertising Research*, 28, 11-31.
- Robson, A., Pemberton, J., & McGrane, A. (2008). *Business research analysis*. Glasgow: McGraw-Hill Publishing.
- Robinson, J. P., Shaver, P. R., & Wrightsman, L. S. (1991). *Measures of personality and social psychological attitudes*. San Diego: Academic Press.
- Rodolfo, V. Z., Del Rio, B., & Iglesias, V. (2002). Consumer-based Brand Equity: Development and Validation of a Measurement Instrument. *Journal of Marketing Management*, 18(1/2), 27-48.
- Roux, E., & Floch, J. M. (1996). Gerer L'Ingerable: La Contradiction Interne de toute Maison de Luxe. *Decisions Marketing*, 1(9), 15-23.

- Roy, D., & Banerjee, S. (2007). CARE-ing strategy for integration of brand identity with brand image. *International Journal of Commerce and Management*, 17(1/2), 140-148.
- Runkel, K., & Brymer, C. E. (1991). The nature of brands. In R. Perrier (Ed.), *Brand Valuation* (2nd ed., pp. 25-45). London: Premier Books.
- Runyon, K. E., & Stewart, D. W. (1987). *Consumer Behavior and the Practice of Marketing* (3rd ed.). Columbus, OH: Merrill Publishing Company.
- Rusbult, C. E. (1980). Commitment and satisfaction in romantic associations: A test of the investment model. *Journal of Experimental Social Psychology*, 16(2), 172-186.
- Rusbult, C. E. (1983). A Longitudinal Test of the Investment Model: The Development (and Deterioration) of Satisfaction and Commitment in Heterosexual Involvements. *Journal of Personality and Social Psychology*, 45(1), 101-117.
- Rusbult, C. E., & Buunk, B. P. (1993). Commitment Processes in Close Relationships: An Interdependence Analysis. *Journal of Social and Personal Relationships*, 10(2), 175-204.
- Russell, C. G., Busson, A., Flight, I., Bryan, J., Pabst, J. A. V. L. A., & Cox, D. N. (2004). A comparison of three laddering techniques applied to an example of a complex food choice. *Food Quality and Preferences*, 15(6), 569-583.
- Sakagami, M., & Haas, R. (2012). Consumer Preferences for Organic Products in Austria Using Stated Preference Methods. *Current Nutrition & Food Science*, 8(2), 122-125.
- Salzer-morling, M., & Strannegard, L. (2004). Silence of the brands. *European Journal of Marketing*, 38(1/2), 224-238.
- Sanchez, R., & Iniesta, M. A. (2006). Consumer perception of value: literature review and a new conceptual framework. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 1(19), 40-48.
- Sargeant, A., & Lee, S. (2004). Trust and relationship commitment in the United Kingdom voluntary sector: Determinants of donor behavior. *Psychology and Marketing*, 21(8), 613-635.
- Schiffman, L. G., Wisenblit, J., & Kanuk, L. L. (2009). *Consumer behavior* (10th ed.). Harlow: Pearson Education.
- Schmitt, B., & Simonson, A. (1997). *Marketing Aesthetics*. New York, NY: The Free Press.
- Schmitt, N. (1996). Uses and abuses of coefficient alpha. *Psychological Assessment*, 8(4), 350-353.
- Schmitt, T. A. (2011). Current Methodological Considerations in Exploratory and Confirmatory Factor Analysis. *Journal of Psychoeducational Assessment*, 29(4), 304-321.
- Schumacker, R. E., & Lomax, R. G. (2010). *A beginner's guide to structural equation modeling* (3rd ed.). New York ; London Routledge.

- Schwab, D. P. (1985). Reviewing empirically based manuscripts: Perspectives on process. In P. J. Frost & L. L. Cummings (Eds.), *Publishing in the organizational sciences* (pp. 171-181). Homewood, IL: Richard D. Irwin Inc.
- Schwartz, S. H. (1992). Universals in the Content and Structure of Values: Theoretical Advances and Empirical Tests in 20 Countries. *Advances in Experimental Social Psychology*, 25(1), 1-65.
- Schwartz, S. H., Cieciuch, J., Vecchione, M., Davidov, E., Fischer, R., Beierlein, C., Ramos, A., Verkasalo, M., Lonnqvist, J., Demirutku, K., Dirilen-Gumus, O., & Konty, M. (2012). Refining the theory of basic individual values. *Journal of Personality and Social Psychology*, 103(4), 663-688.
- Seetharaman, A., Nadzir Bin Mohd, Z. A., & Gunalan, S. (2001). A conceptual study on brand valuation. *Journal of Product and Brand Management*, 10(4), 234-256.
- Segars, A. H., & Grover, V. (1993). Re-Examining Perceived Ease of Use and Usefulness: A Confirmatory Factor Analysis. *MIS Quarterly*, 17(4), 517-525.
- Sekaran, U., & Roger, B. (2013). *Research methods for business: a skill-building approach* (6th ed.). Hoboken, N.J.: Wiley.
- Selnes, F. (1998). Antecedents and consequences of trust and satisfaction in buyer-seller relationships. *European Journal of Marketing*, 32(3/4), 305-322.
- Seppanen, R., Blomqvist, K., & Sundqvist, S. (2007). Measuring inter-organizational trust - a critical review of the empirical research in 1990-2003. *Industrial Marketing Management*, 36(2), 249-265.
- Sheppard, B. H., Hartwick, J., & Warshaw, P. R. (1988). The Theory of Reasoned Action: A Meta-Analysis of Past Research with Recommendations for Modifications and Future Research. *Journal of Consumer Research*, 15(3), 325-343.
- Sherman, L. (2009). How The Luxury Consumer Will Spend In 2009 Retrieved 3 May, 2012, from [http://www.forbes.com/2009/01/13/luxury-spending-rules-forbeslife-cx\\_ls\\_0113style.html](http://www.forbes.com/2009/01/13/luxury-spending-rules-forbeslife-cx_ls_0113style.html)
- Sheth, J. N. (2002). The future of relationship marketing. *Journal of Services Marketing*, 16(7), 590-592.
- Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). Why we buy what we buy: A theory of consumption values. *Journal of Business Research* 22(2), 159-170.
- Sheth, J. N., & Parvatiyar, A. (1995). Relationship marketing in consumer markets: antecedents and consequences. *Journal of the Academy of Marketing Science*, 23(4), 255-271.
- Sheth, J. N., & Parvatiyar, A. (2000). *Handbook of relationship marketing*. Thousand Oaks, CA: Sage Publications.
- Shi, J. (2011, 18 July). Sitting in the lap of luxury, *China Daily*. Retrieved from [http://www2.chinadaily.com.cn/cndy/2011-07/18/content\\_12919888.htm](http://www2.chinadaily.com.cn/cndy/2011-07/18/content_12919888.htm)

- Shukla, P. (2010). Status consumption in cross-national context: Socio-psychological, brand and situational antecedents. *International Marketing Review*, 27(1), 108-129.
- Shukla, P. (2011). Impact of interpersonal influences, brand origin and brand image on luxury purchase intentions: Measuring interfunctional interactions and a cross-national comparison. *Journal of World Business*, 46(2), 242-252.
- Shukla, P., & Purani, K. (2012). Comparing the importance of luxury value perceptions in cross-national contexts *Journal of Business Research*, 65(10), 1417-1424.
- Sichtmann, C., & Stingel, S. (2007). Limit conjoint analysis and Vickrey auction as methods to elicit consumers' willingness-to-pay. *European Journal of Marketing*, 41(11), 1359-1374.
- Silverman, D. (2010). *Doing qualitative research: a practical handbook* (3rd ed.). London: SAGE.
- Silverstein, M. J., & Fiske, N. (2005). *Trading Up: Why Consumers Want New Luxury Goods - And How Companies Create Them*. New York: Penguin Group Inc.
- Sin, L. Y. M., So, S. L. M., Yau, O. H. M., & Kwong, K. (2001). Chinese women at the crossroads: an empirical study on their role orientations and consumption values in Chinese society. *The Journal of Consumer Marketing*, 18(4/5), 348-367.
- Sinha, R., & DeSarbo, W. S. (1998). An integrated approach toward the spatial modeling of perceived customer value? *Journal of Marketing Research*, 35(2), 236-249.
- Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer Trust, Value, and Loyalty in Relational Exchanges. *Journal of Marketing*, 66(1), 15-37.
- Smith, A. (2007). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Petersfield: Harriman House.
- Smith, J. B., & Colgate, M. (2007). Customer value creation: a practical framework. *Journal of marketing Theory and Practice*, 15(1), 7-23.
- Sobh, R., & Perry, C. (2006). Research design and data analysis in realism research. *European Journal of Marketing*, 40(11/12), 1194-1209.
- Soler, F., Gil, J. M., & Sanchez, M. (2002). Consumers' acceptability of organic food in Spain: Results from an experimental auction market. *British Food Journal*, 104(8), 670-687.
- Solomon, M. R. (1983). The role of products as social stimuli: A symbolic interactionist approach. *Journal of Consumer Research*, 10(3), 319-329.
- Song, Y. H., Hur, W. M., & Kim, M. S. (2012). Brand trust and affect in the luxury brand-customer relationship. *Social Behavior and Personality*, 40(2), 331-338.
- Spears, N., & Singh, S. N. (2004). Measuring Attitude Toward the Brand and Purchase Intentions. *Journal of Current Issues & Research in Advertising* 26(2), 53-66.

- Spekman, R. E. (1988). Strategic Supplier Selection: Understanding Long-Term Buyer Relationships. *Business Horizons*, 31(4), 75-81.
- Spiteri, J. M., & Dion, P. A. (2004). Customer value, overall satisfaction, end-user loyalty, and market performance in detail intensive industries. *Industrial Marketing Management Decision*, 33(8), 675-687.
- Steenkamp, J. B. E. M., & Baumgartner, H. (2000). On the use of structural equation models for marketing modeling. *International Journal of Research in Marketing*, 17(2/3), 195-202.
- Stening, B. W., & Zhang, M. Y. (2007). Methodological Challenges Confronted when Conducting Management Research in China. *International Journal of Cross Cultural Management*, 7(1), 121-142.
- Stevens, J. (2001). *Applied Multivariate Statistics for the Social Sciences* (4th ed.). Hillsdale NJ: Lawrence Erlbaum Publishing.
- Stokburger-Sauer, N. E., & Teichmann, K. (2013). Is luxury just a female thing? The role of gender in luxury brand consumption. *Journal of Business Research*, 66(7), 889-896.
- Suessmuth-Dyckerhoff, C., Hexter, J., & St-Maurice, I. (2008). Marketing to China's New Traditionalists. *Far East Econ Review*, 171(1), 28-33.
- Summers, T. A., Belleau, B. D., & Xu, Y. (2006). Predicting purchase intention of a controversial luxury apparel product. *Journal of Fashion Marketing and Management*, 10(4), 405-419.
- Sun, W. X., Peng, J. S., M, J. L., & Zhong, W. G. (2009). Evaluation and performance of Chinese technology policy: An empirical study based on "market in exchange for technology" strategy. *Journal of Technology Management in China*, 4(3), 195-216.
- Sung, Y. J., & Campbell, W. K. (2009). Brand commitment in consumer-brand relationships: An investment model approach. *Journal of Brand Management*, 17(2), 97-113.
- Sung, Y., & Choi, S. M. (2010). "I Won't Leave You Although You Disappoint Me": The Interplay Between Satisfaction, Investment, and Alternatives in Determining Consumer-Brand Relationship Commitment. *Psychology & Marketing*, 27(11), 1050-1074.
- Sung, Y. J., Kim, J., & Jung, J. H. (2010). The Predictive Roles of Brand Personality on Brand Trust and Brand Affect: A Study of Korean Consumers. *Journal of International Consumer Marketing*, 22(1), 5-18.
- Sureshchandar, G. S., Rajendran, C., & Anantharaman, R. N. (2002). Determinants of customer-perceived service quality: a confirmatory factor analysis approach. *Journal of Services Marketing*, 16(1), 9-34.
- Sweeney, J. C., & Soutar, G. N. (2001). Consumer perceived value: The development of a multiple item scale. *Journal of Retailing*, 77(2), 203-220.



- Sweeney, J. C., Soutar, G. N., & Johanson, L. W. (1999). The role of perceived risk in the quality-value relationship: a study in a retail environment. *Journal of Retailing*, 75(1), 77-105.
- Swinyard, W. R. (1993). The Effects of Mood, Involvement, and Quality of Store Experience on Shopping Intentions. *Journal of Consumer Research*, 20(2), 271-280.
- Tabachnick, B. G., & Fidell, L. S. (2013). *Using multivariate statistics* (6th ed.). London: Pearson.
- Taylor, S. A., Celuch, K., & Goodwin, S. (2004). The importance of brand equity to customer loyalty. *Journal of Product & Brand Management*, 13(4), 217-227.
- Teah, M., & Phau, I. (2008). *Attitudes Towards Counterfeits of Luxury Brands: The Singapore Story*. Paper presented at the Australian and New Zealand Marketing Academy Conference, Olympic Park, Sydney: University of Western Sydney. Conference Paper retrieved from [http://espace.library.curtin.edu.au/R?func=dbin-jump-full&local\\_base=gen01-era02&object\\_id=115144](http://espace.library.curtin.edu.au/R?func=dbin-jump-full&local_base=gen01-era02&object_id=115144)
- Teich, I. (2001). *A Marketing Perspective of Donation Attitudes and Intentions: An Analysis of Selected Factors which May Impact Alumni Contributions*. (Doctor of Philosophy Unpublished PhD thesis), New York University, New York.
- The Economist. (2014, January 25). Chinese consumers doing it their way-The market is growing furiously, but getting tougher for foreign firms, *The Economist*. Retrieved from <http://www.economist.com/news/briefing/21595019-market-growing-furiously-getting-tougher-foreign-firms-doing-it-their-way>
- Thomas, D. (2007). *Deluxe: How Luxury Lost Its Luster*. New York: The Penguin Press.
- Thompson, K. E., Haziris, N., & Alekos, P. J. (1994). Attitudes and food choice behaviour. *British Food Journal*, 96(11), 9-13.
- Thomson, M., MacInnis, D. J., & Park, C. W. (2005). The Ties That Bind: Measuring the Strength of Consumers' Emotional Attachments to Brands. *Journal of Consumer Psychology*, 15(1), 77-91.
- Thompson, N. J., & Thompson, K. E. (1996). Reasoned action theory: An application to alcohol-free beer. *Value in Business and Industrial Marketing*, 2(2), 35-48.
- Tian, K. T., Bearden, W. O., & Hunter, G. L. (2001). Consumers' Need for Uniqueness: Scale Development and Validation. *Journal of Consumer Research*, 28(1), 50-66.
- Tong, X., & Hawley, J. M. (2009). Creating brand equity in the Chinese clothing market: The effect of selected marketing activities on brand equity dimensions. *Journal of Fashion Marketing and Management*, 13(4), 566-581.
- Traylor, M. B. (1981). Product Involvement and Brand Commitment. *Journal of Advertising Research*, 21(6), 51-56.
- Trendy Life. (2006). Is luxury consumption in China really rising? Retrieved 18 January, 2012, from [http://www.ce.cn/life/clfs/xxbb/200610/24/t20061024\\_9106457\\_1.shtml](http://www.ce.cn/life/clfs/xxbb/200610/24/t20061024_9106457_1.shtml)

- Truong, Y., Simmons, G., McColl, R., & Kitchen, P. (2008). Status and Conspicuousness - Are They Related? Strategic Marketing Implications for Luxury Brands. *Journal of Strategic Marketing*, 16(3), 189-203.
- Tsai, S. P. (2005). Impact of personal orientation on luxury-brand purchase value: An international investigation. *International Journal of Market Research*, 47(4), 429-454.
- Tse, D. (1996). Understanding Chinese people as consumers: past findings and future propositions. In M. H. Bond (Ed.), *The Handbook of Chinese Psychology* (pp. 309-321). Hong Kong: Oxford University Press.
- Tse, A. C. B. (2001). How much more are consumers willing to pay for a higher level of service? A preliminary survey. *Journal of Services Marketing*, 15(1), 11-17.
- Tung, S. J., Shih, C. C., Wei, S., & Chen, Y. H. (2012). Attitudinal inconsistency toward organic food in relation to purchasing intention and behavior: An illustration of Taiwan consumers. *British Food Journal*, 114(7), 997-1015.
- Turunen, L. L. M., & Laaksonen, P. (2011). Diffusing the boundaries between luxury and counterfeits. *Journal of Product & Brand Management*, 20(6), 468-474.
- Tversky, A. (1972). Elimination by aspects: A theory of choice. *Psychological Review*, 79(4), 281-299.
- Tynan, C., McKechnie, S., & Chhuon, C. (2010). Co-creating value for luxury brands. *Journal of Business Research*, 63(11), 1156-1163.
- Uncles, M. D., Dowling, G. D., & Hammond, K. (2003). Customer loyalty and customer loyalty programs. *Journal of Consumer Marketing*, 20(4), 294-316.
- Valette-Florence, P. (1998). A causal analysis of means-end-hierarchies in a cross-cultural context: Methodological refinements. *Journal of Business Research*, 42(2), 161-166.
- Valette-Florence, P., Sirieix, L., Grunert, K., & Nielsen, N. (2000). Means-end chain analyses of fish consumption in Denmark and France: A multidimensional perspective. In L. Kahle (Ed.), *Crossnational consumer psychographics* (pp. 15-27). New York, NY: Haworth Press.
- van Kempen, L. (2004). Are the poor willing to pay a premium for designer labels? a field experiment in Bolivia. *Oxford Development Studies*, 32(2), 205-224.
- van Lange, P. A. M., Rusbult, C. E., Drigotas, S. M., & Aniaga, X. B. (1997). Willingness to sacrifice in close relationships. *Journal of Personality and Social Psychology*, 72(6), 1373-1395.
- Veblen, T. (1995). *The theory of the leisure class*. London: Penguin books.
- Veloutsou, C. (2007). Identifying the dimensions of the product-brand and consumer relationship. *Journal of Marketing Management*, 23(1/2), 7-26.
- Verhallen, T. M., & Robben, H. S. (1994). Scarcity and preference: An experiment on unavailability and product evaluation. *Journal of Economic Psychology*, 15(2), 315-527.

- Vickers, J. S., & Renand, F. (2003). The Marketing of Luxury Goods: An exploratory study--three conceptual dimensions. *Marketing Review*, 3(4), 459-478.
- Vigneron, F., & Johnson, L. W. (1999). A Review and a Conceptual Framework of Prestige-Seeking Consumer Behavior. *Academy of Marketing Science Review*, 9(1), 1-15.
- Vigneron, F., & Johnson, L. W. (2004). Measuring perceptions of brand luxury. *Journal of Brand Management*, 11(6), 484-506.
- Visser, P. S., Krosnick, J. A., & Lavrakas, P. J. (2000). Survey Research. In C. M. Judd & H. T. Reis (Eds.), *Handbook of research methods in social and personality psychology*. Cambridge: Cambridge University Press.
- Viswanathan, M., Sudman, S., & Johnson, M. (2004). Maximum versus meaningful discrimination in scale response: Implications for validity of measurement of consumer perceptions about products. *Journal of Business Research*, 57(2), 108-124.
- Vlosky, R. P., Ozanne, L. K., & Fontenot, R. J. (1999). A conceptual model of US consumer willingness-to-pay for environmentally certified wood products. *Journal of Consumer Marketing*, 16(2), 122-140.
- Voelckner, F. (2006). An empirical comparison of methods for measuring consumers' willingness to pay. *Marketing Letters*, 17(2), 137-149.
- Walker, B. A., & Olson, J. C. (1991). Means-end chains: connecting products with self. *Journal of Business Research*, 22(2), 111-118.
- Wallendorf, M., & Arnould, E. J. (1988). My Favorite Things: A Cross-Cultural Inquiry into Object Attachment, Possessiveness, and Social Linkage. *Journal of Consumer Research*, 14(4), 531-547.
- Wallendorf, M., & Arnould, E. J. (1991). "We gather together": Consumption rituals of Thanksgiving day. *Journal of Consumer Research*, 18(1), 13-31.
- Walsh, M. F., Winterich, K. P., & Mittal, V. (2010). Do logo redesigns help or hurt your brand? The role of brand commitment. *Journal of Product & Brand Management*, 19(2), 76-84.
- Wang, G. P. (2002). Attitudinal Correlates of Brand Commitment. *Journal of Relationship Marketing*, 1(2), 57-75.
- Wang, Y., Lo, H. P., Chi, R., & Yang, Y. (2004). An integrated framework for customer value and customer-relationship management performance: a customer-based perspective from China. *Managing Service Quality*, 14(2/3), 169-182.
- Wang, Y., Sun, S., & Song, Y. (2011). Chinese luxury consumers: Motivation, attitude and behavior. *Journal of Promotion Management*, 17(3), 345-359.
- Wang, Y. M. (2012). Shanghai, Beijing and Tianjin Lead Country in per Capita GDP Retrieved 1 May, 2012, from <http://www.eeo.com.cn/ens/2012/0203/220140.shtml>
- Warrington, P., & Shim, S. (2000). An empirical investigation of the relationship between product involvement and brand commitment. *Psychology and Marketing*, 17(9), 761-782.

- Warshaw, P. R., & Davis, F. D. (1985). Disentangling behavioral intention and behavioral expectation. *Journal of Experimental Social Psychology*, 21(3), 213-228.
- Weijters, B., Cabooter, E., & Schillewaert, N. (2010). The effect of rating scale format on response styles: The number of response categories and response category labels. *International Journal of Research in Marketing*, 27(3), 236-247.
- Weiner, Y. (1982). Commitment in organizations: a normative view. *Academy of Management Review*, 7(3), 418-428.
- Weisberg, J., Teeni, D., & Arman, L. (2011). Past purchase and intention to purchase in e-commerce: The mediation of social presence and trust. *Internet Research*, 21(1), 82-96.
- Wertenbroch, K., & Skiera, B. (2002). Measuring consumers' willingness to pay at the point of purchase. *Journal of Marketing Research*, 39(2), 228-241.
- Wetlauffer, S. (2004). The Perfect paradox of star brands: an interview with Bernard Arnault of LVMH. *Harvard Business Review*, 79(9), 117-123.
- Wetzels, M., Ruyter, K. D., & Birgelen, M. V. (1998). Marketing service relationships: the role of commitment. *Journal of Business & Industrial Marketing*, 13(4/5), 406-423.
- White, C., & Yu, Y. T. (2005). Satisfaction emotions and consumer behavioral intentions. *Journal of Services Marketing*, 19(6), 411-420.
- White, R. (2007). Marketing Luxury-lapping up luxury. *Admap*, 3(481), 19-20.
- Whittaker, G., Ledden, L., & Kalafatis, S. P. (2007). A re-examination of the relationship between value, satisfaction and intention in business services. *Journal of Services Marketing*, 21(5), 345-357.
- Wiedmann, K. P., Hennigs, N., & Siebels, A. (2007). Measuring Consumer' Luxury Value Perception: A Cross-Cultural Framework. *Academy of Marketing Science Review*, 7(1), 1-23.
- Wiedmann, K. P., Hennigs, N., & Siebels, A. (2009). Value-based segmentation of luxury consumption behavior. *Psychology and Marketing*, 26(7), 625-651.
- Wiedmann, K. P., Hennigs, N., Schmidt, S., & Wuestefeld, T. (2011). Drivers and Outcomes of Brand Heritage: Consumers' Perception of Heritage Brands in the Automotive Industry. *Journal of Marketing Theory and Practice*, 19(2), 205-220.
- Williamson, O. E. (1985). *The Economic Institution of Capitalism*. New York: The Free Press.
- Wilson, D. T. (1995). An Integrated Model of Buyer-Seller Relationship. *Journal of the Academy of Marketing Science*, 23(4), 335-345.
- Wong, A. C. Y., & Zaichkowsky, J. L. (1999). Understanding Luxury Brands in Hong Kong. *European Advances in Consumer Research*, 4(1), 310-316.
- Wong, N. Y., & Ahuvia, A. C. (1998). Personal taste and family face: Luxury consumption in Confucian and western societies. *Psychology & Marketing*, 15(5), 423-441.

- Wood, W. (2000). Attitude change: Persuasion and social influence. *Annual Review of Psychology*, 15(5), 539-570.
- Woodruff, R. B. (1997). Customer value: the next source for competitive advantage. *Journal of the Academy of Marketing Science*, 25(2), 139-153.
- Woodruff, R. B., & Gardial, S. (1996). *Know Your Customer: New Approaches to Understanding Customer Value and Satisfaction*. Oxford: Blackwell.
- Wu, C., & Hsing, S. S. (2006). Less is more: how scarcity influences consumers' value perceptions and purchase intents through mediating variables. *Journal of American Academy of Business*, 9(2), 125-132.
- Wu, W. Y., Lu, H. Y., Wu, Y. Y., & Fu, C. S. (2012). The effects of product scarcity and consumers' need for uniqueness on purchase intention. *International Journal of Consumer Studies*, 36(3), 263-274.
- Xi, Y., & Peng, S. (2010). The effects of two kinds of corporate publicity on customer-brand relationship. *Frontiers of Business Research in China*, 4(1), 73-100.
- Yeoman, I., & McMahon-Beattie. (2005). Luxury markets and premium pricing. *Journal of Revenue & Pricing Management*, 4(4), 319-328.
- Yoo, B., & Lee, S. H. (2009). Buy Genuine Luxury Fashion Products or Counterfeits? *Association for Consumer Research*, 36(1), 280-286.
- Yoo, B., Donthu, N., & Lee, S. (2000). An Examination of Selected Marketing Mix Elements and Brand Equity. *Journal of the Academy of Marketing Science*, 28(2), 195-211.
- Yoo, B., & Lee, S. H. (2011). Asymmetrical effects of past experiences with genuine fashion luxury brands and their counterfeits on purchase intention of each. *Journal of Business Research*, 65(10), 1507-1515.
- Zajonc, R. B., & Markus, H. (1982). Affective and Cognitive Factors in Preferences. *Journal of Consumer Research*, 9(2), 123-131.
- Zboja, J. J., & Voorhees, C. M. (2006). The impact of brand trust and satisfaction on retailer repurchase intentions. *Journal of Services Marketing*, 20(6), 381-390.
- Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *Journal of Marketing*, 52(3), 2-22.
- Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The Behavioral Consequences of Service Quality. *Journal of Marketing*, 60(2), 31-46.
- Zhan, L., & He, Y. (2012). Understanding luxury consumption in China: Consumer perceptions of best-known brands. *Journal of Business Research*, 65(10), 1451-1460.
- Zhang, B., & Kim, J.-H. (2013). Luxury fashion consumption in China: Factors affecting attitude and purchase intent. *Journal of Retailing and Consumer Service*, 20(1), 68-79.
- Zhang, Y. J. (2012). A view from behavioral political economy on China's institutional change. *China Economic Review*, 23(4), 991-1002.

Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2010). *Business research methods* (8th ed.). Ohio: South-Western Cengage Learning.

Zins, A. H. (2001). Relative attitudes and commitment in customer loyalty model: some experiences in the commercial airline industry. *International of Service Industry Management*, 2(3/4), 269-296.

## Bibliography

- Aaker, D. A., Kumar, V., & Day, G. S. (2007). *Marketing research* (9th ed.). Chichester: John Wiley.
- Ahire, S. L., Golhar, D. Y., & Waller, M. A. (1996). Development and Validation of TQM Implementation Constructs. *Decision sciences*, 27(1), 23-56.
- Ajzen, I., & Driver, B. (1992). Application of the theory of planned behavior to leisure choice. *Journal of Leisure Research*, 24(3), 207-224.
- Anderson, J. C., & Gerbing, D. W. (1988). Structural Equation Modeling in Practice: A Review and Recommended Two-Step Approach. *Psychological Bulletin*, 103(3), 411-423.
- Barrett, P. (2007). Structural equation modelling: Adjudging model fit. *Personality and Individual Differences*, 42(5), 815-824.
- Bentler, P. M., & Bonett, D. G. (1980). Significance tests and goodness of fit in the analysis of covariance structures. *Psychological bulletin*, 88(3), 588-606.
- Bird, M., Channon, C., & Ehrenberg, A. S. C. (1970). Brand Image and Brand Usage. *Journal of Marketing Research*, 7(3), 307-314.
- Bland, J., & Altman, D. (1997). Statistics notes: Cronbach's alpha. *British Medical Journal* 314(7080), 570-572.
- Bollen, K. A. (1989). *Structural equations with latent variables*. New York: Wiley.
- Bolton, R. N., & Drew, J. H. (1991). A Multistage Model of Customers' Assessments of Service Quality and Value. *Journal of Consumer Research*, 17(4), 375-384.
- Bonoma, T. V. (1985). Case research in marketing: Opportunities problems, and a process. *Journal of Marketing Research*, 22(2), 199-208.
- Brinberg, D., & Plimpton, L. (1986). Self-Monitoring and Product Conspicuousness on Reference Group Influence. *Advances in Consumer Research*, 13(1), 297-300.
- Browne, M. W., & Cudeck, R. (1992). Alternative Ways of Assessing Model Fit. *Sociological Methods Research*, 21(2), 230-258.
- Bryman, A., & Bell, E. (2007). *Business research methods* (2nd ed.). Oxford: Oxford University Press.
- Campbell, K. (1998). Researching Brands. In S. Hart & J. Murphy (Eds.), *Brands: the new wealth creators* (pp. 57). Basingstoke: Macmillan.
- Cavana, R. Y., Delahaye, B. L., & Sekaran, U. (2001). *Applied business research: Quantitative and Quantitative Methods*. Australia: John Wiley.
- Chan, J. C. F., Jiang, Z., & Tan, B. C. Y. (2010). Understanding Online Interruption-Based Advertising: Impacts of Exposure Timing, Advertising Intent, and Brand Image. *Engineering Management*, 57(3), 365-379.

- Chen, F., Curran, P. J., Bollen, K. A., Kirby, J., & Paxton, P. (2008). An Empirical Evaluation of the Use of Fixed Cutoff Points in RMSEA Test Statistic in Structural Equation Models. *Sociological Methods Research*, 36(4), 462-494.
- Chisnall, P. M. (2005). *Marketing Research* (7th ed.). London: McGraw-Hill.
- Churchill, G. A. (1995). *Marketing research: methodological foundations* (6th ed.). London: Dryden Press.
- Cobb-Walgren, C. J., Ruble, C. A., & Donthu, N. (1995). Brand Equity, Brand Preference, and Purchase Intent. *Journal of Advertising*, 24(3), 25-40.
- Darke, P., Shanks, G., & Boradent, M. (1998). Successfully completing case study research: combining rigour, relevance and pragmatism. *Information Systems Journal*, 8(4), 273-289.
- Garland, R. (1991). The Mid-Point on a Rating Scales: Is it Desirable? *Marketing Bulletin*, 2(3), 66-70.
- Del Rio, A. B., Vazquez, R., & Iglesias, V. (2001). The role of brand name in obtaining differential advantages. *Journal of Product and Brand Management*, 10(7), 452-465.
- Deshpande, R. (1983). "Paradigms Lost": On Theory and Method in Research in Marketing. *Journal of Marketing*, 47(4), 101-110.
- Deutsch, M. (1958). Trust and suspicion. *Journal of Conflict Resolution*, 2(4), 265-279.
- Diamantopoulos, A. (2010). Reflective and formative metrics of relationship value: Response to Baxter's commentary essay. *Journal of Business Research*, 63(1), 91-93.
- Diamantopoulos, A., Riefler, P., & Roth, K. P. (2008). Advancing formative measurement models. *Journal of Business Research*, 61(12), 1203-1218.
- Diamantopoulos, A., Schlegelmilch, B., & Palihawadana, D. (2011). The relationship between country-of-origin image and brand image as drivers of purchase intentions: A test of alternative perspectives. *International Marketing Review*, 28(5), 508-524.
- Dichter, E. (1985). What's in an image. *Journal of Consumer Marketing*, 2(1), 75-81.
- Easterby-Smith, M., Thorpe, R., & Jackson, P. R. (2008). *Management research* (3rd ed.). London: SAGE.
- Erdem, T. (2006). Brands as Signals: A Cross-Country Validation Study. *Journal of marketing*, 70(1), 34-49.
- Ferguson, J., & Brown, S. (1991). Relationship Marketing and Association Management. *Journal of Professional Service Marketing*, 7(2), 137-147.
- Fink, A., & Kosecoff, J. (1998). *How to conduct surveys: a step-by-step guide* (2nd ed.). Thousand Oaks, Calif.: Sage.



- Fornell, C., & Larcker, D. F. (1981). Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. *Journal of Marketing Research*, 18(1), 39-50.
- Frazer, C. F. (1983). Creative Strategy: A Management Perspective. *Journal of Advertising*, 12(4), 36-41.
- Friedmann, R., & Lessig, V. P. (1987). Psychological Meaning of Products and Product Positioning. *Journal of Product Innovation Management*, 4(4), 265-273.
- Gallini, J. K., & Casteel, J. F. (1988). An inquiry into the effects of outliers on estimates of a structural equation model of basic skills assessment In J. K. Gallini & J. F. Casteel (Eds.), *Structural Modeling by Example: Applications in Educational, Sociological, and Behavioral Research* (pp. 189-201). New York: Cambridge University Press.
- Gensch, D. H. (1978). Image-Measurement Segmentation. *Journal of Marketing Research*, 15(3), 384-394.
- Grubb, E. L., & Grathwohl, H. L. (1967). Consumer Self-Concept, Symbolism and Market Behavior: A Theoretical Approach. *Journal of Marketing*, 31(4), 22-27.
- Hattie, J. (1985). Methodology review: assessing unidimensionality of tests and items. *Applied psychological measurement*, 9(2), 139-164.
- Hendon, D. W., & Williams, E. L. (1985). Winning the Battle For Your Customer. *Journal of Consumer Marketing*, 2(4), 65-75.
- Hooper, D., Coughlan, J., & Mullen, M. (2008). Structural Equation Modelling: Guidelines for Determining Model Fit. *Electronic Journal of Business Research Methods*, 6(1), 53-60.
- Hu, L. T., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal* 6(1), 1-55.
- Hudson, L. A., & Murray, J. B. (1986). Methodological limitations of the hedonic consumption paradigm and a possible alternative: A subjectivist approach. *Advances in Consumer Research*, 13(1), 343-348.
- Iriondo, J. M., Albert, M. J., & Escudero, A. (2003). Structural equation modelling: an alternative for assessing causal relationships in threatened plant populations. *Biological Conservation*, 113(3), 367-377.
- Johnson, M. D., Herrmann, A., & Huber, F. (2006). The Evolution of Loyalty Intentions. *Journal of marketing*, 70(2), 122-132.
- Joreskog, K. G. (1969). A General Approach to Confirmatory Maximum Likelihood Factor Analysis. *Psychometrika*, 34(2), 183-202.
- Joreskog, K. G. (1993). Testing Structural Equation Models. In K. A. Bollen & J. S. Long (Eds.), *Testing Structural Equation Models* (pp. 256-294). Newbury Park: SAGE Publications.

- Joreskog, K. G., & Sorbom, D. (1981). *LISREL V, analysis of linear structural relationships by maximum likelihood, instrumental variables, and least squares methods*. Chicago: National Educational Resources.
- Kiesler, C. A. (1971). *The psychology of commitment; experiments linking behaviour to belief*. New York: Academic Press.
- Kim, A. J., & Ko, E. (2010). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. *Journal of Business Research*, 65(10), 1480-1486.
- Kim, P. (1990). A perspective on brands. *The Journal of Consumer Marketing*, 7(4), 63-67.
- Kuhn, T. S. (1996). *The Structure of Scientific Revolutions* (3rd ed.). Chicago: University of Chicago Press.
- Lei, P. W., & Wu, Q. (2007). Introduction to Structural Equation Modeling: Issues and Practical Considerations. *Educational Measurement: Issues and Practice*, 26(3), 33-43.
- Li, N., Robson, A., & Coates, N. (2013). Chinese consumers' purchasing: impact of value and affect. *Journal of Fashion Marketing and Management*, 17(4).
- MacCallum, R. C., Browne, M. W., & Sugawara, H. M. (1996). Power Analysis and Determination of Sample Size for Covariance Structure Modeling. *Psychological Methods*, 1(2), 130-149.
- Marsh, H. W., Hau, K. T., & Wen, Z. (2004). Search of Golden Rules: Comment on Hypothesis-Testing Approaches to Setting Cutoff Values for Fit Indexes and Dangers in Overgeneralizing Hu and Bentler's (1999) Findings. *Structural Equation Modeling: A Multidisciplinary Journal* 11(3), 320-341.
- Miles, J., & Shevlin, M. (2007). A time and a place for incremental fit indices. *Personality and Individual Differences*, 42(5), 869-874.
- Naumann, E. (1995). *Creating Customer Value. The Path to Sustainable Competitive Advantage*. Cincinnati, OH: Thomson Executive Press.
- Noth, W. (1988). The Language of Commodities Groundwork for a Semiotics of Consumer Goods. *International Journal of Research in Marketing*, 4(3), 173-186.
- Parasuraman, A. (1991). *Marketing Research*. Reading, Massachusetts: Addison-Wesley.
- Ping Jr, R. A. (2004). On assuring valid measures for theoretical models using survey data. *Journal of Business Research*, 57(2), 125-141.
- Pohlman, A., & Mudd, S. (1973). Market image as a function of consumer group and product type: A quantitative approach. *Journal of Applied Psychology*, 57(2), 167-171.
- Remenyi, D., Williams, B., Money, A., & Swartz, E. (1998). *Doing research in business and management: an introduction to process and method*. London: SAGE.
- Reynolds, W. H. (1965). The Role of the Consumer in Image Building. *California Management Review*, 7(3), 69-76.

- Roster, C. A., Anlbaum, G., & Rogers, B. (2006). Can cross-national/cultural studies presume etic equivalency in respondents' use of extreme categories of Likert rating scales? *International Journal of Marketing Research*, 48(6), 741-759.
- Roy, A., Walters, R. G. P., & Luk, S. T. K. (2001). Chinese puzzles and paradoxes: conducting business research in China. *Journal of Business Research*, 52(2), 203-210.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students* (5th ed.). New York: Prentice Hall.
- Sirgy, M. J. (1985). Using Self-Congruity and Ideal Congruity to Predict Purchase Motivation. *Journal of Business Research*, 13(3), 195-206.
- Smith, K. W. (1974). On estimating the reliability of composite indexes through factor analysis. *Sociological Methods Research*, 2(4), 485-510.
- Snyder, M., & DeBono, K. G. (1985). Appeals to image and claims about quality: Understanding the psychology of advertising. *Journal of Personality and Social Psychology*, 49(3), 586-597.
- Steiger, J. H. (2007). Understanding the limitations of global fit assessment in structural equation modeling. *Personality and Individual Differences*, 42(5), 893-898.
- Sun, J. (2005). Assessing goodness of fit in confirmatory factor analysis *Measurement and evaluation in counseling and development*, 37(4), 240-256.
- Sureshchandar, G. S., Rajendran, C., & Anantharaman, R. N. (2002). Determinants of customer-perceived service quality: a confirmatory factor analysis approach. *Journal of Services Marketing*, 16(1), 9-34.
- Swartz, T. A. (1983). Brand Symbols and Message Differentiation. *Journal of Advertising Research*, 23(5), 59-64.
- Szmigin, I., & Foxall, G. (2000). Interpretive consumer research: how far have we come? *Qualitative Market Research: An International Journal*, 3(4), 187-197.
- Tabachnick, B. G., & Fidell, L. S. (2007). *Using multivariate statistics* (5th ed.). Boston: Pearson Education, p. 635.
- Tansey, O. (2007). Process tracing and elite interviewing: a case for non-probability sampling. *Political Science and Politics*, 40(4), 765-772.
- Tsai, S. P. (2005). Utility, cultural symbolism & emotion: a comprehensive model of brand purchase value. *International Journal of Research in Marketing*, 22(3), 277-291.
- Tuskej, U., Golob, U., & Pondar, K. (2013). The role of consumer-brand identification in building brand relationships *Journal of Business Research*, 66(1), 53-59.
- Yong, Z. (1996). 'Chinese consumers' evaluation of foreign products: the influence of culture, product types and product presentation format. *European Journal of Marketing*, 30(12), 50-68.